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# The Taiwan Cement Corporation 2020 Annual Report

水泥  
公司  
——  
潔淨循環

Website : [www.taiwancement.com](http://www.taiwancement.com)

(MOPS)Market Observation Post System website: [mops.twse.com.tw](http://mops.twse.com.tw)

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# Chapter 1

## Letter to Shareholders

### Nelson An-Ping Chang

This is the story of an island in the southeastern part of the Western Pacific Ocean, but if you lift the huge 75-year-old tree rings, ring by ring, you will see the guardian gray color with the bricks, mortar and tiles, and you will find that this is also the story of the Taiwan Cement Company (TCC).

Looking back on human history, cement has always been the foundation of civilization – houses, bridges, ports, airports, dams, factories – of the structures of modern civilization. Cement is the substance used by humans second only to water and air in quantity. Just like air and water, cement is always present in our lives. Throughout the long years, concrete has been covered by brick walls, plants, wood grain, glass curtains, gorgeous decorations, rain, light and shadow, and clouds, but has still ultimately formed the trajectory of our daily life. For TCC, cement is only an interface, which binds TCC to human life.

Over the past 75 years, the Republic of China has made major economic and social developments in which TCC has always played a front-line role. One such example is The Ten Major Construction Projects which included reservoirs, dams, ports, roads, airports, and other major structures. Dam after dam stores water, the tide breakers protect the harbors and ports, bridge after bridge allow people to cross rivers and ditches, freeway after freeway reach the horizons, and they are literally touched and stepped on by everyone everyday, thus forming a solid foundation for daily life.

Looking back at this period of history, there are all kinds of major construction projects on the island, all of which witnessed the active participation of TCC. In other words, in the developmental history of Taiwan's transformation, TCC was present.

In Taiwan's transition from an agricultural to an industrial and commercial society, TCC was there; TCC led the development of Taiwan's capital market; TCC was the cornerstone of government's Ten Major Construction Projects; When Taiwan leaped onto the international arena, as one of the Four Little Asian Dragons, TCC was there. In fact, in the vast current of Taiwan's history, TCC has never been absent.

Beginning with TCC's successive chairmen, Mr. Lin Boshou, Dr. CF. Koo, and his son Leslie Koo, TCC has considered the entire society from a gestalt cement point of view. In land, rocks, geology, air and water, we continue to explore the complex relationship between Man and Life, and between Man and Nature. We are a green environmental engineering company that deals with the complex relationship between human civilization and Mother Nature. Cement has always been a lonely traditional industry. People may not realize that cement is the lasting adhesive of civilization, In fact, cement is just like air. It is always there. Just as we do not feel the presence of air, we may not feel

the presence of cement, either. This has been the case in the past, and it most likely will be the case in the future. Even with this sharp gap in understanding, TCC will continue to seek the future balance between Man and Nature.

Humanity must move forward; this problem can only be solved by industry and our values of life facing it together. We must believe that the impact of greenhouse gases and carbon dioxide emissions on this beautiful blue planet will become more and more intense, making it harder to turn back the clock. 100 years from now, how would we want future generations to judge our time? 500 years from now, how would they evaluate our choices? Our current decisions will determine the outlook of Mankind in the future.

“Big thou heart to accept the worldly differences. Settle thou heart to discuss worldly issues”  
“Humble thou heart to look for the worldly truth. Calm thou heart to face worldly challenges”

These four sentences were Chairman Dr. CF. Koo's expectations for TCC half a century ago. On the occasion of TCC's 75<sup>th</sup> anniversary, we still follow the expectations of the Chairman Dr. CF. Koo. We are still looking forward to the future of Mankind and the relationship between Mankind and Nature.

Today in 2021, all environmental destruction and climate change are no longer just a news item on TV, nor a legend in the books of children, or a prophecy that is still far away. The crisis of global warming has been thrust upon us. Global warming and climate change like viruses have no borders.

Over a third of the time between the Paris Agreement in 2015 to the critical year of 2050 has already passed. The next ten years will determine the direction of human progress. TCC is fully committed and is standing on the spur of time, advancing step by step. Today, if an industry does not have its own awareness of the importance of our environment, it will not be able to come up with interim solutions in 2025, will not be able to bear fruit in 2030; and not be able to reach the ultimate goal of carbon neutrality in 2050.

In 2018, TCC from Taiwan crossed the Maritime Silk Road and established a joint venture company with a Turkish partner, Oyak Cement Cimento Beton Kagit. We established our European headquarters in Amsterdam, and operate the largest cement company in Portugal, Cimpor Global Holdings B.V. TCC successfully entered Europe, the continent that had once changed the destiny of mankind, to deploy in the future carbon exchange market.

We continue to invest in the production facilities in Europe and Central Asia. In 2019, TCC entered



Côte d'Ivoire (Ivory Coast in Africa) to build an environmentally friendly cement plant. We attach great importance to greenhouse gas management and actively carry out research and development of environmentally friendly raw materials for cement. We have recently put into production state-of-the-art low-carbon cement. Compared with the clinker of ordinary cement plants, the new raw materials have reduced carbon dioxide emissions by 70%. From the end of 2019, TCC took the initiative to formulate a carbon reduction path based on the methodology of the United Nations Climate Group IPCC scientists and the International Energy Agency, TCC took the initiative to propose a science-based carbon reduction target SBTi commitment by 2025 to reduce greenhouse gas emission intensity by 11%.

In 2020, TCC established environmental protection technology companies and resource recycling companies in Beijing, Hangzhou, and Guangxi, in Mainland China, to develop RDF/SRF waste-derived fuel technology. At the same time TCC assists in the disposal of local waste. The Guigang plant, which has the largest hazardous waste disposal capacity in the PRC was officially opened on April 5<sup>th</sup>, 2020. It has since become the city's waste purifier. Waste treatment and disposal is our 2030 Solution.

In January 2020, the Hualien Ho-Ping Plant qualified and secured the first heavy industry tourism plant certification in the Republic of China. This was the result of the joint efforts made by our diligent colleagues, the Ministry of Economic Affairs, Hualien County, and local residents. We opened the doors of the once closed plant and established the "DAKA Ecological Cycle Park of TCC". In September 2020, after one and a half years of hard work and three environmental impact assessments, the "Renewable Resources Utilization Center" was launched to co-process 150 tons of waste per day in Hualien County using the high cement kiln temperature of 1,300° C.

This is the TCC's deployment plan. It is like playing five games of chess with completely different strategies at the same time. Each game faces a different situation. There might be a gap in progress, but they are looking in the same direction. We should replace rivalry with dialogue, and continue to promote dialogue between industry and society. These are our most important topics.

TCC has clearly outlined our blueprint for 2025 and is now diligently advancing in this direction step by step. We are working hard to explore a possible blueprint for 2030 and look forward to completing the outline of carbon reduction and building new visions over the next two years.

The Paris Agreement objective to achieve carbon neutrality by 2050 concerns every one of us, and more importantly, our next generation. It depends on every inhabitant of this planet working together and continuing to advance in the same direction so that the final goal may be achieved.

The DAKA environmental recycling village project under the slogan of "Excellent Recycling, Beneficial Peace (Ho-Ping)" that TCC has launched at the Hualien Ho-Ping Plant is the first step of our 2021 action plan. TCC has always respected the close and complex relationship between Humans and Nature in the use of land, rocks, air and water, keeping Humans foremost in mind as we strive to

return clean air, water, and soil, along with clear, blue skies to both Nature and to Mankind.

TCC believes in the value of being a people-oriented enterprise, a team which operates in good faith, with a sense of responsibility, and zeal to complete our mission. We are an organization that has dreams but is not daydreaming, achieving its goals systematically according to plan. In this way, we will have an opportunity to catch a glimpse of the yet unclear picture of 2050, and the preliminary qualifications to talk about the beautiful hopes for the future. TCC has always taken sure solid steps on its path. We start by thinking about the destiny of the Earth, and our impact on the world and on our industry over the next decade. What kind of future do we want? What should we do? Where are we going?

By the next decade, what will be the next stage of human civilization? We have the responsibility to provide to the next generation a world they can look forward to.

Next, TCC will build a bridge leading to the next 75 years. As a cement manufacturer, TCC has always played the role of a bridge builder. As in prior times, Chairman Dr. CF. Koo was a pioneer standing in the forefront, carrying TCC on one shoulder and the mission of our country on the other. TCC has always been a bridge, in the continuous timeline of history, and bearing the responsibility of the times. It is a bridge that crosses many difficulties, a bridge that spans across transition processes, a bridge that allows all to move forward steadily, a bridge that allows one era to flow smoothly into the next, a bridge that encourages humanism and also a bridge that carries human civilization.

Cement is the bond that propels human civilization forward. In the future, TCC will continue to build the bridge for the next 100 years cycle of prosperity.

Nature has no boundary, beautiful sunshine has no sound, strong wind has no shadow.  
Every living thing has no flaw, sweet flower fragrance has no color, life has no price.  
Kindness has no words, love has no demands, cement has no limits.

NAC 6/2021





## Business report

TCC's consolidated net revenue totaled NT\$114.37 billion in 2020, representing a decrease of 6.9% compared with 2019, while consolidated net profit was NT\$25.1 billion in 2020, representing an increase of 3.7% on the previous year. Also, our budget achievement rate was 180.5%, and the basic earnings per share (EPS) was NT\$ 4.32.

Total production of cement and clinkers in Taiwan and China decreased by 1.0% from 57.92 million tonnes in 2019 to 57.32 million tonnes in 2020. Sales of cement and clinkers in Taiwan grew by 5.5% from 4.55 million tonnes in 2019 to 4.69 million tonnes in 2020, while sales of cement and clinkers in China declined by 3.0% from 52.53 million tonnes in 2019 to 50.95 million tonnes in 2020. Total sales of cement-made products in Taiwan and China increased by 2.3% from 5.42 million cubic meters in 2019 to 5.55 million cubic meters in 2020.

As a pioneer in practicing circular economy, TCC is committed to the research and development of technological solutions in the areas of energy conservation, carbon reduction, and recycling of various resources. We have manufactured alternative raw materials from residues obtained from the incineration of municipal solid waste, coal, and industrial waste. We have also used biofuel and solid recovery fuel. In 2020, we established a carbon labeling system for cement products in Taiwan and obtained international accreditation for the carbon footprint of our Type I cement.

In addition to conducting independent R&D projects, TCC has collaborated with research institutes to develop the new generation calcium looping carbon capture technology, microalgae carbon fixation technology, ultra-high-performance concrete, as well as the development of cladding panel technology for the cement industry.

TCC also developed various intelligent management systems to assist its departments by predicting trends, providing early warnings, supporting dynamic management, as well as optimizing the effectiveness of production processes and pollution control.

With the pandemic continuing to affect the world, governments and central banks have enacted stimulus measures to provide relief to battered economies, but the actual fiscal impact is difficult to gauge. Therefore, we expect this year will be another difficult one.

TCC will continue to comply with government policies and satisfy customer demand by aiming to achieve our combined cement and clinker sales volume target of 58.82 million tonnes and RMC sales volume target of 5.4 million cubic meters. We will also continue to move toward our goal of becoming a green environmental engineering company focused on the complex relationship between humans and nature.

Chairman 



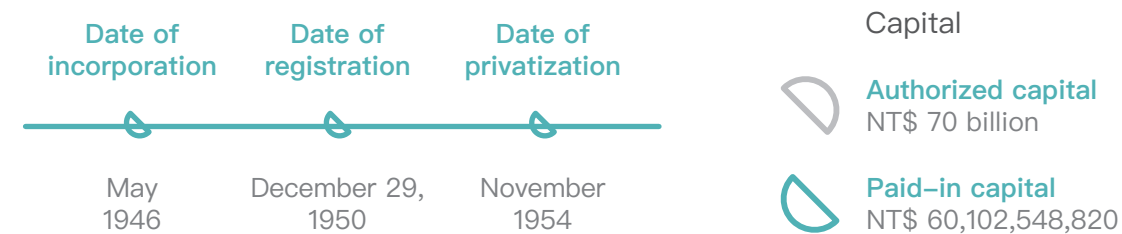




# Chapter 2

## Company Profile

### 2.1 Overview



### 2.2 Company profile

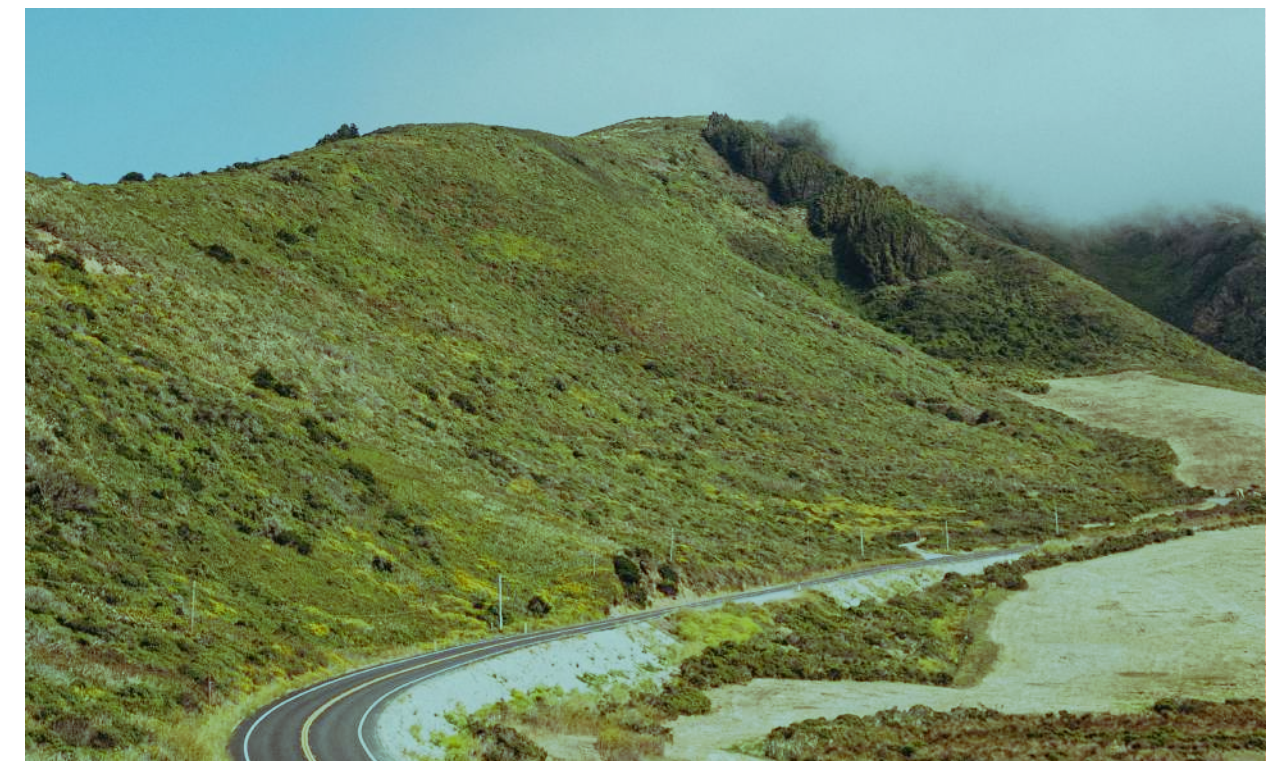
#### (1) An introduction to TCC

After the retrocession of Taiwan to the Republic of China, the government established in April 1946 the Cement Industry Supervisory Committee, which took over Asano Semento Kabushiki Kaisha Asano Cement Co., Ltd.'s plant in Kaohsiung (the Company's former Kaohsiung plant), Taiwan Chemicals Co. (the Company's Suao plant), Southern Cement Co., Ltd. (the Company's former Zhudong plant), and Taiwan Cement Co., Ltd.'s plant in Songshan (the Company's Taipei plant). Then, on May 1, 1946, Taiwan Cement Corporation (TCC) was established as a joint venture between the Natural Resources Commission of the Ministry of Economic Affairs (MOEA) and the Taiwan Provincial Government. On January 1, 1951, TCC became a company limited by shares after it underwent a restructuring. When the Natural Resources Commission was abolished in 1952, TCC became jointly owned by the MOEA and the Taiwan Provisional Government. After land reforms in 1953, TCC transformed from a state-owned enterprise to become a private company on November 11, 1954. At the time, TCC owned and operated cement plants in Kaohsiung, Suao, Zhudong, as well as cement product plants in Taipei and Gushan. On February 9, 1962, TCC became the first company to publicly list on the Taiwan stock exchange in support of the government's policy to develop the capital market.

It has now been over six decades since TCC stopped being a state-owned enterprise. During that time, it has grown strongly while participating in the development of national infrastructure projects and embracing the socio-economic changes in Taiwan. The Company's total paid-in capital has increased a hundredfold from NT\$270 million in 1954 to NT\$60.1 billion in 2020. Over the same period, TCC's capacity in Taiwan expanded more than twenty times from 0.5 million tonnes to over 10 million tonnes, and its net revenue in Taiwan increased from NT\$240 million to NT\$21.5 billion. In reflection of these achievements, TCC is a prime example of a successful privatized state-owned enterprise.

The business scope of TCC and its affiliates includes the manufacturing and sale of chemical engineering products, thermal and renewable power generation, freight and logistics, the manufacturing and sale of fire-resistant materials, and environmental protection and pollution prevention services. In each of these business areas, TCC and its affiliates not only manufacture and sell products and equipment, but also provide services like waste disposal. With operations spanning across various industries, the Company's consolidated net revenue amounted to NT\$114.4 billion in 2020.

- (2) Were there any mergers in the most recent fiscal year and up to the date this annual report? None.
- (3) Were there any directors or shareholders with over 10 percent of the Company's outstanding shares that transferred or exchanged a significant number of shares? Was there any change of control events or other matters that had a material impact on the rights and interests of the Company's shareholders? None.



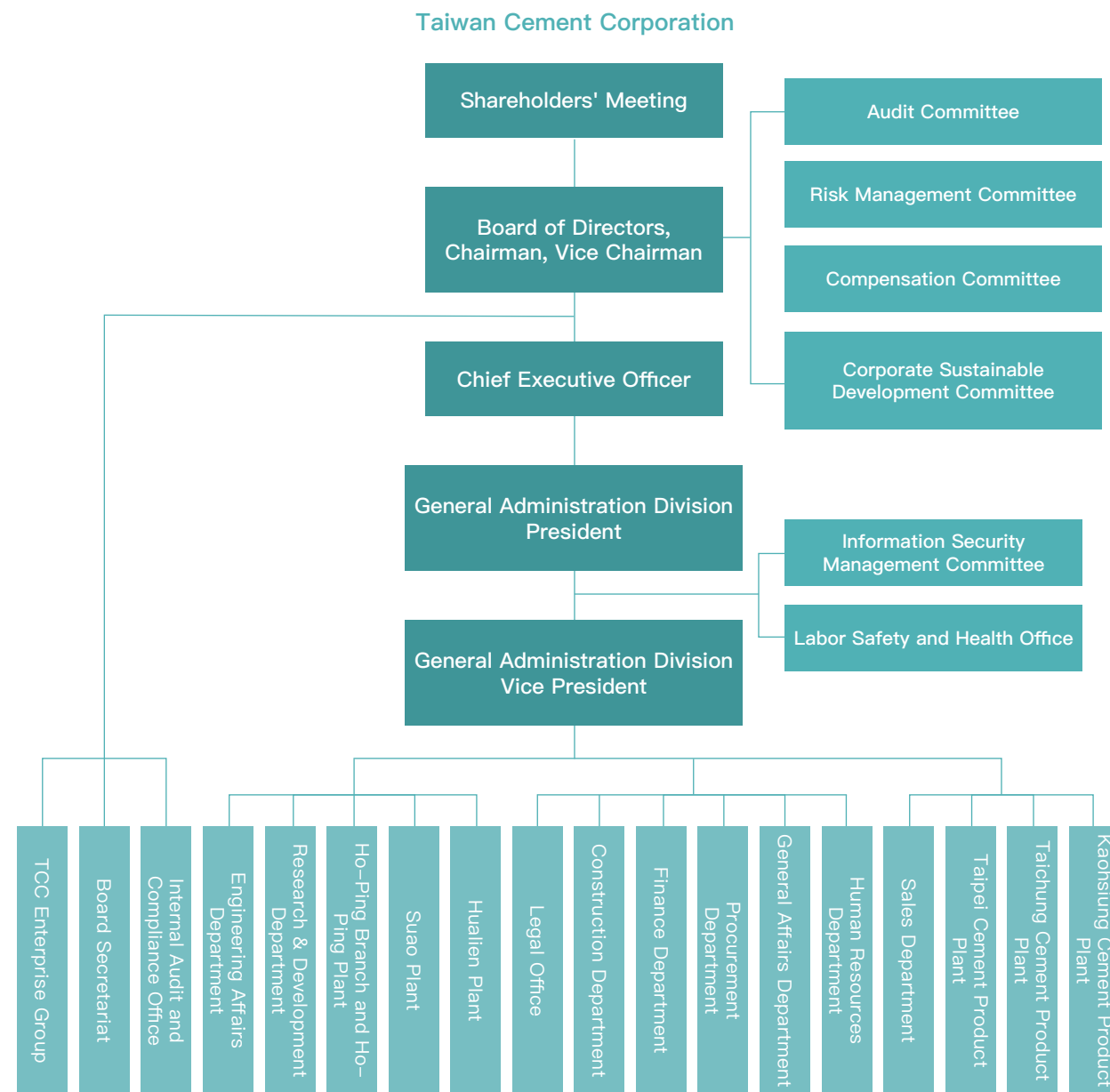


# Chapter 3

## Corporate governance

### 3.1 Organization

#### 3.1.1 Organization chart



- Note 1. There are 21 branch plants and 3 distribution stations under the Taipei, Taichung, and Kaohsiung Cement Product Plants.  
 Note 2. There is a ready mixed concrete workshop in the Hualien Plant.  
 Note 3. On May 12, 2020, the Board of Directors meeting approved that the risk management team was elevated to become the Risk Management Committee.  
 Note 4. The Board of Directors will nominate additional members of Corporate Sustainable Development Committee in June 2021.

#### 3.1.2 Major corporate functions

The Committees under the Board of Directors (BOD) include the Audit Committee, Risk Management Committee, Compensation Committee, Corporate Sustainable Development Committee, Board Secretariat, TCC Enterprise Group, and the Internal Audit and Compliance Office called. The functions and duties of the latter three units are as follows:

- **Board Secretariat:** In charge of the custody of the Chairman's personal seal, as well as the seals of the General Affairs Division and the CEO; preparation for board meetings; and the handling and coordination of clerical work, general affairs, and share affairs.
- **TCC Enterprise Group:** In charge of integrating and showcasing the Group's entire resources; establishing regulations and systems for the TCC group; sharing successful experiences and training across the TCC group; normal function audits; management consultancy and enquiry services for the TCC group; other group related business; improvement of management quality and reduction of costs; demonstration of group synergies and enhancement of overall competitiveness and margin profitability; and maximization of benefits for shareholders.
- **Internal Audit and Compliance Office:** Implementation of all major cycles of internal audits in accordance with an annual audit program; supervision of internal audit systems of the Company and its subsidiaries; propositions for improvements; and implementation of project investigations of anomalies, follow ups and countermeasures.

Under the General Administration Division are the Engineering Affairs Department, Research and Development Department, Sales Department, Finance Department, Human Resources Department, Procurement Department, Legal Office, General Affairs Department, Construction Department, Labor Safety and Health Office, and the Information Security Management Committee. Their functions and duties are as follows:

- **Engineering Affairs Department:** Devise production plans; track, assist, and evaluate operational efficiency; renew, maintain, and improve mechanical and engineering equipment; assist with equipment procurement; devise plans and provide guidance; help track engineering projects; provide supervision on environmental protection, industrial safety, total quality control, and quality assurance; evaluate, plan, implement, and track construction, merger, and restructuring projects in China.
- **Research and Development Department:** Provide technical instructions for the manufacturing quality control of cement and concrete; conduct research and development of specialty cement, high-performance concrete, and energy-efficient technologies; development and





promotion of products made from recycled materials; provide post-sale technical inquiries and customer support for the sale of cement and concrete.

- **Sales Department:** Devise plans for product sales; supervise and evaluate domestic and export sales and cement distribution stations.
- **Finance Department:** Process and audit routine accounting affairs, fund disbursement, cash management, financial planning, budget control, operations report analysis, implementation of operations related projects, and the supervision of subsidiaries and third party investor relations.
- **Human Resources Department:** In charge of the selection, employment, training and retention of TCC employees, and management and supervision of employee benefits and employer to employee relations.
- **Procurement Department:** Procure production equipment, civil engineering contracts, production ingredients and auxiliary materials; manage warehouse and dispatch materials.
- **Legal Office:** Prepare, revise, and approve legal documents; provide legal advice; handle all litigation/non-litigation incidents; control risk arising from legal and other legal-related matters.

- **General Affairs Department:** Manage all general and administrative affairs unrelated to production; implement and supervise plans for building maintenance and supervision of land and other assets.
- **Construction Department:** Responsible for planning and development of all land and construction projects.
- **Labor Safety and Health Management Office:** Administer all safety and health matters for employees.

### 3.1.3 Main operations of affiliated entities:

- Ho-Ping Branch and Ho-Ping Plant, Suao Plant, Hualien Plant: Manufacture of cement.
- Taipei, Taichung, and Kaohsiung cement product plants (including three distribution stations): Manufacture and sale of ready mixed concrete, and management of distribution stations.







### 3.2 Board members

#### 3.2.1 Information regarding board members

(as of April 13, 2021)

Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held	
							Quantity	Proportion (%)	Quantity	Proportion (%)
Chairman	ROC	Chia Hsin R.M.C. Corporation Representative: An-Ping Chang	Male	June 22, 2018	3 years	June 22, 2018	2,453,833	0.06	3,032,923	0.05
							156,573	0.00	2,188,553	0.04

Shares currently held by spouse and minors		Shares held in the name of other persons		Education and experience	Concurrent positions at TCC and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
-	-	None	None	MBA, Stern School of Business, New York University; Chairman, International CSRC Investment Holdings Co., Ltd.;	Chairman, Ho-Ping Power Company; Chairman, TCC Energy Storage Technology Corporation; Chairman, TCC Sustainable Energy Investment Corporation; Chairman, TCC (Hangzhou) Environmental Protection Technology Co., Ltd.; Chairman, E-One Moli Energy Corporation; Chairman, TCC Recycle Energy Technology; Chairman, TCC chemical Corporation; Chairman, Molie Quantum Energy; Chairman, Upper Value Investments Limited; Director, TCC Information Systems Corporation; Director, Ho-Ping Industrial Port Corporation; Director, Taiwan Transport & Storage Co., Ltd.;	None	None	None	Note1
3,781,917	0.06	None	None	Chairman, Taiwan Prosperity Chemical Corporation; Chairman, Chia Hsin Cement Corporation	Director, Ta-Ho Maritime Corporation; Chairman, THC International S.A.; Director, Ta-Ho Maritime (SG) Corporation; Director, Chia Hsin R.M.C. Corporation; Director, CTCL Corporation; Director, Chinatrust Investment Co., Ltd.; Chairman, TCC International Holdings Limited; Director, Cimpor Global Holdings Limited. (Shown as: Dutch Oyak TCC Holdings BV); Director, Taiwan Stock Exchange Corporation; Independent Director, Synnex Technology International Corporation; Managing director, O-Bank.; Director, Dr. Cecilia Koo Botanic Conservation Center.				



Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held	
							Quantity	Proportion (%)	Quantity	Proportion (%)
Director	ROC	C. F. Koo Foundation Representative: Jong-Peir Li	Male	June 22, 2018	3 years	June 22, 2016	2,308,909	0.05	3,168,803	0.05
							-	-	786,542	0.01

Shares currently held by spouse and minors		Shares held in the name of other persons		Education and experience	Concurrent positions at TCC and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
-	-	None	None	Ph.D. NCCU Department of Management Information Systems; MS in Information Technology Management, Carey Business School, Johns Hopkins University; MS in Business Management, George Washington University; President of HSBC (Taiwan) Commercial Bank and President, Taiwan, HSBC;	Chairman, TCC Information Systems Corporation; Director and President, Ho-Ping Power Company; Director and President, Molie Quantum Energy; Director, Taiwan Prosperity Chemical Corporation; Director, TCC Chemical Corporation; Director, Taiwan Transport & Storage Co., Ltd.; Director and President, TCC Sustainable Energy Investment Corporation; Director and President, TCC Energy Storage Technology Corporation; Director, Ta-Ho Maritime Corporation; Director, E-One Moli Energy Corp.; Director, TCC New (Hangzhou) Management Company Limited; Director, TCC International Holdings Limited; Director, Taiwan Cement (Dutch) Holdings B.V.; Director CIMPOR GLOBAL HOLDINGS B.V (Shown as: Dutch Oyak Tcc Holdings BV); Independent Director, TransGlobe Life Insurance Inc.; Member of the audit committee, TransGlobe Life Insurance Inc.; Member of the commission on strategic, TransGlobe Life Insurance Inc.; Director, Dr. Cecilia Koo Botanic Conservation Center.	None	None	None	
-	-	None	None	Representative, Global Business Finance and Capital Market Department in HSBC; Director, Capital Market Department in CTBC Bank; CFO, Citi bank (Taiwan); CFO, Citibank Taiwan Limited.					





Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held	
							Quantity	Proportion (%)	Quantity	Proportion (%)
Director	ROC	International CSRC Investment Holdings Co., Ltd. Representative: Kenneth C.M. Lo	Male	June 22, 2018	3 years	June 18, 2002	83,777,716	1.97	103,548,831 *2,000,000	1.71 *1.00
							-	-	-	-
Director	ROC	Fu Pin Investment Co., Ltd. Representative: Por-Yuan Wang	Male	June 22, 2018	3 years	June 26, 2003	62,688,346	1.48	77,482,477	1.28
							-	-	-	-
Director	ROC	Chung Cheng Development & Investment Co., Ltd. Representative: Tzun-Yen Yu	Male	June 22, 2018	3 years	June 22, 2018	22,699,527	0.53	28,056,499 *782,130	0.46 *0.39
							-	-	-	-

Shares currently held by spouse and minors		Shares held in the name of other persons		Education and experience	Concurrent positions at TCC and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
-	-	None	None	MS in Finance, Manderson School of Business, The University of Alabama	Managing director, O-Bank	None	None	None	
-	-	None	None						
-	-	None	None	Ph.D., Carnegie Mellon University; Chairman, Pacific Venture Partners; Chairman, Sercomm Corporation;	Chairman, Sercomm Corporation; Chairman, Pacific Venture Partners; Director, Prosperity Dielectrics Co., Ltd.; Independent Director, UPC Technology Corporation; Chairman, K.T. Li Foundation Development of Science and Technology; Vice Chairman, Fairs Winds Foundation	None	None	None	
-	-	None	None	Director, Taiwan Venture Capital Association; Chairman, Monte Jade Science & Technology Association of Taiwan					
-	-	None	None	MBA, Harvard Business School; BS in Electrical Engineering, National Taiwan University;	Director & President, CTCL Corporation	None	None	None	
-	-	None	None	Chairman, CTCL Corporation					



Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held	
							Quantity	Proportion (%)	Quantity	Proportion (%)
Director	ROC	Fu Pin Investment Co., Ltd. Representative: Chi-Chia Hsieh	Male	June 22, 2018	3 years	June 26, 2003	62,688,346	1.48	77,482,477	1.28
							400,000	0.01	494,397	0.01
Vice Chairman (Note 2)/ Director	ROC	Tai Ho Farming Co., Ltd. Representative: Kung-Yi Koo	Male	June 22, 2018	3 years	June 22, 2018	4,889,281	0.12	6,043,126	0.10
							-	-	561,815	0.01

Shares currently held by spouse and minors		Shares held in the name of other persons		Education and experience	Concurrent positions at TCC and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
-	-	None	None	Ph.D. in Electrical Engineering, University of California Santa Clara;  Chairman, Microelectronics Technology Inc.	Chairman, Jupiter Network Corporation; Director, Jupiter Technology (Wuxi) Co., Ltd.; Chairman, Welltop Technology Co., Ltd.; Chairman, IQE Taiwan Corporation; Director, Microelectronics Technology Inc.; Director, Sasson Capital Corporation; Director, TCM Limited; Chairman, Taicom Capital Limited; Director, Bright LED Electronics Corp.; Director, Kobrite Taiwan Corporation; Director, Henan Bright Crystal Company Limited; Director, Advanced Wireless Semiconductor Company; Director, KoBrite Corp.; Director, Bright Crystal Company Limited; Director, KOPIN CORP.; Independent Director, AcBel Polytech Inc.; Independent Director, Innolux Corporation	None	None	None	
-	-	None	None						
-	-	None	None	MBA, The Wharton School of University of Pennsylvania;  Vice President, Morgan Stanley Investment Banking Department;  Vice Chairman, Taiwan Cement Corporation	Director and Senior Manager, Taiwan Cement Corporation; Chairman, International CSRC Investment Holdings Co., Ltd.; Chairman, Taiwan Prosperity Chemical Corporation; Chairman, Linyuan Advanced Materials Technology Co., Ltd.; Chairman, Circular Commitment Company; Chairman, Yun Cheng Investment Corporation; Chairman, CS Development & Investment Co.; Chairman, Consolidated Resource Company; Chairman, Taiwan Transport & Storage Corp.; Chairman, Tai-Jie Transport & Storage Corporation; Director, E-One Moli Energy Corp.; Director, TCC Recycle Energy Technology Company; Director, TCC Chemical Corporation; Director, Ho-Ping Power Company; Chairman, Ho-Ping Renewable Energy Company; Director, CSRC (BVI) Ltd.; Director, CSRC (Singapore) Pte. Ltd.; Director, Sypac Ltd.; Director, China Steel Chemical Corporation	None	None	None	
-	-	None	None						





Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held	
							Quantity	Proportion (%)	Quantity	Proportion (%)
Director	ROC	Chia Hsin Cement Corporation Representative: Jason Kang-Lung Chang	Male	June 22, 2018	3 years	June 21, 2012	176,262,460	4.15	217,859,506	3.60
							190,000	0.00	-	-
Director	ROC	Chia Hsin Cement Corporation Representative: Chi-Te Chen	Male	June 22, 2018	3 years	June 21, 2012	176,262,460	4.15	217,859,506	3.60
							-	-	67,906	0.00
Director	ROC	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	Male	June 22, 2018	3 years	June 26, 2003	9,554,654	0.23	11,809,503	0.19
							60,427	0.00	74,686	0.00
Director	ROC	Hsin He Investment Co., Ltd. Representative: Chi-wen Chang	Male	June 22, 2018	3 years	May 30, 2000	10,701,572	0.25	16,943,108	0.28
							2,010,027	0.05	3,376,895	0.06

Shares currently held by spouse and minors		Shares held in the name of other persons		Education and experience	Concurrent positions at TCC and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
-	-	None	None	MS in Management Studies, Sloan School of Management, Massachusetts Institute of Technology;	Chairman, Chia Hsin Cement Corporation; Chairman, Chia Hsin International Co., Ltd.; Chairman Yun Chia International Co., Ltd.; Director, Chia Hsin Property Management and Development Corp.	None	None	None	
240,456	0.00	None	None	President, Chia Hsin Cement Corporation					
-	-	None	None	MBA, University of California Santa Clara	Vice Chairman, Chien Kuo Construction Co., Ltd.; Director, Chia Hsin Cement Corporation; Director, Chia Hsin Property Management and Development Corporation; Chairman, Chien Hwei Investment Co., Ltd.; Chairman, Rock Publishing International; Chairman, Golden Canyon Co., Ltd.; Director, Silver Shadow Holdings Co., Ltd.; Director, Chien Kuo Asia Co., Ltd.; Director, China Real Estate Management; Chairman, Chien Kuo Building Co., Ltd.; Chairman, Chien Hwei Cultural & Educational Foundation; Chairman, Chien Kuo Foundation for Arts and Culture	None	None	None	
5,648	0.00	None	None						
-	-	None	None	S.J.D., Harvard Law School;	Chairman, Shinkong Synthetic Fibers Corporation; Chairman, UBright Optronics Corporation	None	None	None	
746,752	0.01	None	None	Chairman, Taiwan Securities Co., Ltd.					
-	-	None	None	MS in Accountancy and MBA, California State University, Fresno	Director & President, Hsin He Investment Co., Ltd.; Lecturer/Adjunct Faculty San Jose State University, University of San Francisco, Golden Gate University	None	None	None	
-	-	None	None						



Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held	
							Quantity	Proportion (%)	Quantity	Proportion (%)
Director	ROC	Sishan Investment Co., Ltd. Representative: Nan-Chou Lin	Male	June 22, 2018	3 years	June 22, 2003	7,525,603	0.18	9,301,606 *259,300	0.15 *0.13
							2,180,642	0.05	2,818,861 *78,581	0.05 *0.04
Director	ROC	Heng Qiang Investment Co., Ltd. Representative: Chien Wen	Male	June 22, 2018	3 years	June 26, 2003	82,719,582	1.95	102,240,983	1.69
							-	-	-	-

Shares currently held by spouse and minors		Shares held in the name of other persons		Education and experience	Concurrent positions at TCC and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
-	-	None	None	MBA, La Trobe University	Chairman, Sishan Investment Co., Ltd.; Chairman, Pyang Co., Ltd.	None	None	None	
-	-	None	None						
-	-	None	None	MBA, The Wharton Business School, University of Pennsylvania; Supervisor, Winbond Electronics Corp.;	Director, International CSRC Investment Holdings Co., Ltd.; Director, Chinatrust Investment Co., Ltd.; Supervisor, Ta-Ho Maritime Corporation	None	None	None	
-	-	None	None						
-	-	None	None	General Manager, Cathay Securities Investment Trust					





Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held	
							Quantity	Proportion (%)	Quantity	Proportion (%)
Director	ROC	Chinatrust Investment Co., Ltd. Representative: Chun-Ying Liu	Female	June 22, 2018	3 years	June 26, 2003	125,098,870	2.95	242,054,137	4.00
							-	-	-	-
Director	ROC	Heng Qiang Investment Co., Ltd. Representative: Chih-Chung Tsai	Male	June 22, 2018	3 years	June 26, 2003	82,719,582	1.95	102,240,983	1.69
							-	-	-	-

Shares currently held by spouse and minors		Shares held in the name of other persons		Education and experience	Concurrent positions at TCC and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
-	-	None	None	EMBA, College of Management, National Taiwan University;	Partner, Tsar and Tsai Law Firm; Director, Chinatrust Investment Co., Ltd.; Independent Director, Jarly Technology Co., Ltd.	None	None	None	
-	-	None	None	LLM, Northwestern University; LLB, National Taiwan University					
-	-	None	None	MBA, Bernard M.Baruch College, The City University of New York;	President, Chinatrust Investment Co., Ltd.	None	None	None	
-	-	None	None	Senior Consultant, Taipei Branch, Natixis; Director, Barclays Capital Securities (Taiwan) Co., Ltd.; CFO, Taipei Branch, Barclays Bank					



Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held	
							Quantity	Proportion (%)	Quantity	Proportion (%)
Independent Director	ROC	Yu-Cheng Chiao	Male	June 22, 2018	3 years	June 21, 2012	-	-	-	-
Independent Director	ROC	Victor Wang	Male	June 22, 2018	3 years	June 21, 2013	-	-	-	-

Shares currently held by spouse and minors		Shares held in the name of other persons		Education and experience	Concurrent positions at TCC and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
-	-	None	None	MS in Electronic Engineering, University of Washington; BS in Communications Engineering, National Chiao Tung University; Chairman, Chin Xin Investment Co., Ltd.; Chairman, Nuvoton Technology Corporation; CEO, Winbond Electronics Corporation; Chairman, Walsin Lihwa Corporation; Chairman, Taiwan Electrical and Electronic Manufacturers' Association; Chairman, Vishay Capella Microsystems (Taiwan) Limited	Chairman, Winbond Electronics Corp.; Director, Nuvoton Technology Corporation; Director, Walsin Lihwa Corporation; Director, Walsin Technology Corporation; Director, Jin Cheng Construction Co., Ltd.; Director, Walsin Lihwa Holdings Limited; Director, Concord Industries Ltd.; Director, Walsin Specialty Steel Ltd.; Director, United Industrial Gases Co., Ltd.; Director, Song Yung Investment Co., Ltd.; Director, MiTAC Holdings Corporation; Director, Baystar Holdings Ltd.; Director, Marketplace Management Limited; Director, Newfound Asian Corporation; Director, Peaceful River Corporation; Director, Pigeon Creek Holding Co., Ltd.; Director, Winbond Electronics Corporation America; Director, Winbond Int'l Corporation; Director, Landmark Group Holdings Ltd.; Director, Nuvoton Investment Holding Ltd.; Independent Director and Member of Compensation Committee, Synnex Technology International Corporation.	None	None	None	
-	-	None	None	BA in Accounting, Soochow University; EMBA, National Taiwan University; Vice Chairman of Auditing Service Division, Deloitte Taiwan	Director, Chilisun Electronics Corporation; Director, Yageo Corporation; Director, YFY Investment Holding Co., Ltd.; Independent Director, Fulin Plastic Industry (Cayman) Holding Co., Ltd.; Independent Director, Taiwan Navigation Co., Ltd.; Independent Director, DACIN Construction Co., Ltd.; Supervisor, DIVA Laboratories. Ltd.	None	None	None	





Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held	
							Quantity	Proportion (%)	Quantity	Proportion (%)
Independent Director	ROC	Chih-Jen Sheng	Male	June 22, 2018	3 years	June 28, 2017	-	-	2,100	0.00

Shares currently held by spouse and minors		Shares held in the name of other persons		Education and experience	Concurrent positions at TCC and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
-	-	None	None	Ph.D. in Political Science, Northwestern University; Minister, Council for Cultural Affairs (now Ministry of Culture), Executive Yuan, ROC; CEO, Republic of China (Taiwan) Centenary Foundation; Chairperson, Research, Development and Evaluation Commission, Taipei City Government; CEO, The 21 <sup>st</sup> Summer Deaflympics; Professor, Department of Political Science, Soochow University, Taiwan; Host of TV programs "Discovery of Taiwan" and "Interpretation of Era" by ERA TV Station; Consultant, Poll Center of TVBS; Member of the Editing Committee, Issues & Studies; Independent Director, Taiwan Prosperity Chemical Corporation	President, L'Hotel de Chine Corporation; Chairman, FDC International Hotels Corporation; Chairman, LDC Italy	None	None	None	



Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held	
							Quantity	Proportion (%)	Quantity	Proportion (%)
Independent Director	ROC	Lynette Ling-Tai Chou	Female	June 22, 2018	3 years	June 22, 2018	15	0.00	1 *200,000	0.00 *0.10

Shares currently held by spouse and minors		Shares held in the name of other persons		Education and experience	Concurrent positions at TCC and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
2	0.00	None	None	PhD of Accounting, University of Houston; Master of Accounting, University of Houston; BS in International Business, Department of Commerce, National Taiwan University; Chief of Student Affairs, National Cheng Chi University; Dean, Department of Accounting, National Cheng Chi University; Professor, Guanghua School of Management; Managing Supervisor, Taiwan Public Television Services; Independent Director, F-MStar Co., Ltd.	Independent Director, Chief Telecom Co., Ltd. Tenure Professor, Department of Accounting, National Cheng Chi University	None	None	None	

Note 1: Where the general manager or a person of equivalent ranking (i.e. the highest ranking officer) and the Chairperson are the same person, or spouses or relatives within the first degree of kinship, an explanation should be given to describe the rationale, reasonableness, necessity, and countermeasures taken (such as increasing the number of independent directors, of which over half of the directors should not also be an employee or hold a managerial position in the Company). TCC's CEO is responsible for all the affairs of the Company and its affiliates and also executes the Board of Directors' resolutions and supervises all the managers of the Company and its affiliates.

Note 2: Kung-Yi Koo resigned from the Vice Chairman position on January 9, 2020.

Note 3: \*refers to the preferred shares in this table.





Table 1: Major institutional shareholders

Institutional shareholders	Major institutional shareholders
Chai Hsin R.M.C. Corporation	An-Ping Chang (65.30%); Chia Hsin Cement Corporation (13.71%); Long Chuang Investments Co., Ltd. (13.45%); Huai-Ru Koo (5.51%)
Tai Ho Farming Co., Ltd.	Hsing Cheng Investment Co., Ltd. (100%)
C. F. Koo Foundation	CTBC Bank Co., Ltd. (62%)
Chia Hsin Cement Corporation	Chia Hsin International Co., Ltd. (16.44%); Song Zuo Investment Co., Ltd. (8.88%); Yong-Ping Chang (5.39%); Taiwan Cement Corporation (3.54%); Ta-Ho Maritime Corporation (3.32%); Kang Hao Industrial Co., Ltd. (2.27%); Chia Hsin Foundation (1.92%); Zuo Yao Investment Co., Ltd. (1.89%); Kuo-Hui Ku (1.74%); Chai Hsin R.M.C. Corporation (1.70%)
Shin Kong Synthetic Fibers Corporation	Shin Kong Life Insurance Co., Ltd. (5.81%); Shin Kong Co., Ltd. (5.22%); Shin Sheng Investment Co., Ltd. (4.99%); Hwatai Bank Ltd. Property Trust Special Account (4.66%); Shin Kong Textile Co., Ltd. (3.47%); Shin Kong Insurance Co., Ltd. (3.04%); Ji Li Investment Co., Ltd. (2.37%); Toray Industries, Inc. (2.20%); Yuan Bao Co., Ltd. (2.18%); Rui Xing Industrial Co., Ltd. (1.98%)
Hsin He Investment Co., Ltd.	Chang Yong (20%); Shu-Chuang Chang-Lin (20%); Chi-wen Chang (20%); Chu-Mei Chang (20%); Chun-Chen Guo-Chang (20%)
Sishan Investment Co., Ltd.	Nan-Chou Lin (30%); Yi-Qing Lin (10%); Ting-Jun Lin (10%); Xiu-Mei Hong (15%); Chang-Ting Hong (17.5%); Chang-Rong Hong (17.5%)
International CSRC Investment Holdings Co., Ltd.	Taiwan Cement Corporation (15.59%); Chinatrust Investment Co., Ltd. (7.92%); TCC Investment Co., Ltd. (2.23%); Fu Pin Investment Co., Ltd. (1.72%); JPMorgan Chase Bank N.A., Taipei Branch, custodian for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.64%); Taiwan Life Insurance Co., Ltd. (1.52%); Chung Cheng Development & Investment Corporation (1.50%); JP Morgan Chase Bank N.A., Taipei Branch, custodian for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds (1.30%); Union Cement Traders Inc. (1.16%); Citibank Taiwan, Custodian for Polunin Developing Countries Fund, LLC (1.05%)
Chung Cheng Development & Investment Corporation	International CSRC Investment Holdings Co., Ltd. (100%)
Fu Pin Investment Co., Ltd.	Hsuan-Hui Koo (49.9995%); Tian-Yi Huo (25.10%); Gung-Kai Koo (24.90%)
Heng Qiang Investment Co., Ltd.	Tian-Yi Huo (49.50%); Gung-Kai Koo (24.90%); Hsuan-Hui Koo (25.0%)
Chinatrust Investment Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%); Fu Pin Investment Co., Ltd. (23.33%); Taiwan Cement Corporation (9.36%); International CSRC Investment Holdings Co., Ltd. (4.48%); TCC Investment Co., Ltd. (3.45%); Ho-Ping Industrial Port Corporation (3.31%); Kun Qing International Development Ltd. (2.97%); Qiao Tai Investment Co., Ltd. (2.78%); Chung Ho Textile Co., Ltd. (2.31%); Ta-Ho Maritime Corporation (2.09%)

Note: All information disclosed in the above table has been provided by the respective institutional shareholders as of February 28, 2021. TCC presents such information as is.

Table 2: Major shareholders of institutional shareholders in Table 1

Institutional shareholders	Major shareholders of institutional shareholders
Chia Hsin Cement Corporation	Chia Hsin International Co., Ltd. (16.44%); Song Zuo Investment Co., Ltd. (8.88%); Yong-Ping Chang (5.39%); Taiwan Cement Corporation (3.54%); Ta-Ho Maritime Corporation (3.32%); Kang Hao Industrial Co., Ltd. (2.27%); Chia Hsin Foundation (1.92%); Zuo Yao Investment Co., Ltd. (1.89%); Kuo-Hui Ku (1.74%); Chai Hsin R.M.C. Corporation (1.70%)
Long Chuang Investment Co., Ltd.	An-Ping Chang (96.32%); Huai-Ru Koo (1.05%)
CTBC Bank Co., Ltd.	CTBC Financial Holding Co., Ltd. (100%)
Hsing Cheng Investment Co., Ltd.	Chuo Yun Koo-Yen (16.67%); Ching-Hua Hu (16.67%); Lydia Chao (16.67%); Huai-Ru Koo (16.67%); Cheng-Huei Koo (8.33%); Kung-Yi Koo (8.33%); Hsuan-Hui Koo (16.67%)
Chia Hsin International Co., Ltd.	Chia Hsin Cement Corporation (87.18%); Chia Hsin Construction and Development Corporation (10.41%); Jason Kang-Lung Chang (0.52%); Song Zuo Investment Co., Ltd. (0.42%); Ru-Ping Chang (0.25%); Yong-Ping Chang (0.22%); Zhong-Lian Zhong (0.19%); Zuo Yao Investment Co., Ltd. (0.16%); An-Ping Chang (0.12%); Jian-Guo Wang (0.11%)
Song Zuo Investment Co., Ltd.	Yong-Ping Chang (59.47%); Chia Hsin Construction and Development Corporation (14.52%)
Taiwan Cement Corporation	Chinatrust Investment Co., Ltd. (4.22%); Chia Hsin Cement Corporation (3.80%); Fubon Life Insurance Co., Ltd.(3.23%); China Life Insurance Co., Ltd. (2.57%); Nan Shan Life Insurance Co., Ltd.(2.49%); Taiwan Life Insurance Co., Ltd. (2.12%); Chia Hsin International Co., Ltd. (1.85%); International CSRC Investment Holdings Co., Ltd. (1.80%); Heng Qiang Investment Co., Ltd. (1.78%); Labor Retirement Reserve Fund (1.75%)
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (64.79%); Taiwan Transport & Storage Co., Ltd. (29.16%)
Kang Hao Industrial Co., Ltd.	Mei Ke Shen Enterprise Co., Ltd. (54.5%); Sian-Ping Chang (10.5%)
Chia Hsin Foundation	Chia Hsin Cement Corporation (100%)
Zuo Yao Investment Co., Ltd.	Jian-Guo Wang (22.5%); Chia Hsin International Co., Ltd. (20.17%); Chia Hsin Cement Corporation (19.33%)
Chai Hsin R.M.C. Corporation	An-Ping Chang (65.30%); Chia Hsin Cement Corporation (13.71%); Long Chuang Investments Co., Ltd. (13.45%); Huai-Ru Koo (5.51%)
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holdings (100%)
Shinkong Co., Ltd.	Shin Sho Trading Co., Ltd. (42.65%); Lian Sui Enterprises Co., Ltd. (4.75%); Swiss Hotel Co., Ltd. (4.66%); Lin Deng Shan Social Welfare Foundation (3.95%); Xin Cheng Investment Co., Ltd. (3.51%); Ji Zhen Co., Ltd. (3.39%); Dong-xing Investment Co., Ltd. (3.37%); Hong Qi Co., Ltd. (3.34%); Chuan-Wen International Co., Ltd. (2.88%); Yuan Song Industrial Co., Ltd. (2.53%)



Institutional shareholders	Major shareholders of institutional shareholders
Shin Sheng Investment Co., Ltd.	Ji Li Investment Co., Ltd. (51.78%); Tong Xian Investment Co., Ltd. (28.53%); Rui Xin Industrial Co., Ltd. (19.69%)
Shinkong Textile Co., Ltd.	Shin Kong Synthetic Fibers Corporation (9.46%); Shin Kong Wu Ho–Su Memorial Hospital (6.99%); Ji Zhen Co., Ltd. (6.55%); Hong Pu Co., Ltd. (4.68%); Lian Chuan Investment Co., Ltd. (4.54%); He Rui Industrial Co., Ltd. (4.00%); Qian Cheng Yi Co., Ltd. (3.93%); Hua Cheng Co., Ltd. (3.57%); Cheng Guang Industrial Co., Ltd. (3.54%); Mian Hao Industrial Co., Ltd.(2.71%)
Shinkong Insurance Co., Ltd.	Shin Kong Textile Co., Ltd. (16.31%); Shin Kong Life Insurance Co., Ltd. (9.40%); Shin Kong Co., Ltd. (5.08%); Hong Pu Co., Ltd. (2.35%); Guang Ming Enterprise Co., Ltd. (1.94%); Cosmos Hotels & Resorts Co., Ltd. (1.80%); Qian Cheng Yi Co., Ltd. (1.73%); Hong En Co., Ltd. (1.43%); Beitou Hotel Co., Ltd. (1.29%); Chen Guang Co., Ltd. (1.28%)
Toray Industries, Inc.	Not applicable
Ji Li Investment Co., Ltd.	Shin Kong Development Co., Ltd. (24.14%); Rui Xing Industrial Co., Ltd. (23.89%); Yu Bang Investment Co., Ltd. (16.84%); Liang Yue Investment Co., Ltd. (16.84%); Northlaken Ltd. (7.53%); De Shi Industrial Co., Ltd. (5.38%); De Liang Co., Ltd. (5.38%)
Yuan Bao Co., Ltd.	YI-MING Co., Ltd. (100%)
Rui Xing Industrial Co., Ltd.	Chin Shan Investment Co., Ltd. (20.83%); Guei-Yuan Investment Co., Ltd. (20.83%)
Chinatrust Investment Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%); Fu Pin Investment Co., Ltd. (23.33%); Taiwan Cement Corporation (9.36%); International CSRC Investment Holdings Co., Ltd. (4.48%); TCC Investment Co., Ltd. (3.45%); Ho-Ping Industrial Port Corporation (3.31%); Kun Qing International Development Ltd. (2.97%); Qiao Tai Investment Co., Ltd. (2.77%); Chung Ho Textile Co., Ltd. (2.31%); Ta-Ho Maritime Corporation (2.09%)
TCC Investment Co., Ltd.	Taiwan Cement Corporation (100%)
Fu Pin Investment Co., Ltd.	Hsuan-Hui Koo (49.9995%); Tian-Yi Huo (25.10%); Gung-Kai Koo (24.90%)

Institutional shareholders	Major shareholders of institutional shareholders
JPMorgan Chase Bank N.A., Taipei Branch, custodian for the Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	Not applicable
Chung Cheng Development & Investment Corporation	International CSRC Investment Holdings Co., Ltd. (100%)
JPMorgan Chase Bank N.A., Taipei Branch, custodian for the Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	Not applicable
Union Cement Traders, Inc.	TCC Investment Co., Ltd. (100%)
Citibank Taiwan in custody for Polunin Developing Countries Fund, LLC	Not applicable
International CSRC Investment Holdings Co., Ltd.	Taiwan Cement Corporation (15.59%); Chinatrust Investment Co., Ltd. (7.92%); TCC Investment Co., Ltd. (2.23%); Fu Pin Investment Co., Ltd. (1.72%); JPMorgan Chase Bank N.A., Taipei Branch, custodian for the Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.64%); Taiwan Life Insurance Co., Ltd. (1.52%); Chung Cheng Development & Investment Corporation (1.50%); JPMorgan Chase Bank N.A., Taipei Branch, custodian for the Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds (1.30%); Union Cement Traders Inc. (1.16%); Citibank Taiwan, custodian for the Polunin Developing Countries Fund, LLC (1.05%)
Heng Qiang Investment Co., Ltd.	Tian-Yi Huo (49.50%); Gung-Kai Koo (24.90%); Hsuan-Hui Koo (25.0%)
Ho-Ping Industrial Port Corporation	Taiwan Cement Corporation (99.99%)
Kun Qing International Development Ltd.	Yu Bang Co., Ltd. (12.27%); T.H. Wu Foundation (3.37%); Tai Qian Co., Ltd. (2.95%); Ping-Zhi Wu (2.80%); Ping-yuan Wu (2.80%); Xiu-Feng Yan (2.65%); Jin-Gan Hou (2.23%); San Shing Spinning Co., Ltd. (1.94%); Huei-Lan Wu (1.88%); Zi-Xiu Wu (1.81%)
Qiao-Tai Investment Co., Ltd.	Hsuan-Hui Koo (49.50%); Tian-Yi Huo (25.5995%); Gung-Kai Koo (24.9005%)
Chung Ho Spinning Co., Ltd.	Xie Mei Industrial Co., Ltd. (14.7%); Chang Xin Investment Co., Ltd. (10.19%); Qi-Zhao Yeh (5.17%); Qian-Fang Yeh (3.69%); Ying-Xia Yeh (3.26%); Yan-Ling Yeh (3.25%); Hsun-Yang Yeh (3.18%); Ying-Chin Yeh (3.16%); Ying-Qiu Yeh (3.09%); Ying-Mei Yeh (2.68%)

Note: All information disclosed in the above table has been provided by the respective institutional shareholders as of February 28, 2021. TCC presents such information as is.





Profiles of directors

Name	Qualification Meet the following professional qualification requirements, together with at least five years of work experience		
	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company
An-Ping Chang			✓
Kung-Yi Koo			✓
Jong-Peir Li			✓
Jason Kang-Lung Chang			✓
Eric T. Wu			✓
Chi-Wen Chang	✓	✓	✓
Nan-Chou Lin			✓
Kenneth C.M. Lo	✓		✓
Tzun-Yen Yu			✓
Chi-Te Chen			✓
Por-Yuan Wang			✓
Chi-Chia Hsieh			✓
Chien Wen			✓
Chun-Ying Liu		✓	✓
Chih-Chung Tsai			✓
Yu-Cheng Chiao			✓
Victor Wang	✓	✓	✓
Chin-Jen Sheng	✓		✓
Lynette Ling-Tai Chou	✓	✓	✓

<sup>1</sup> Note: Check the qualifications appropriate to each director and supervisor who meet the following qualifications two years before the assumption of the office or during the period when holding the position "✓".

- Not an employee of the Company or its affiliates;
- Not a director or supervisor of the company or its affiliates (except for independent directors appointed in accordance with the Company Act or the laws and regulations of the local country);
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders;
- Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Act.;
- Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company (except for independent directors appointed in accordance with the Company Act or the laws and regulations of the local country);

Status of independence <sup>1</sup>												Number of concurrent positions held at other public companies
1	2	3	4	5	6	7	8	9	10	11	12	
		✓	✓		✓	✓	✓	✓	✓	✓		1
		✓	✓			✓	✓	✓	✓	✓		-
		✓	✓			✓	✓	✓	✓	✓		1
✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		1
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		2
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		1
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	1
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

- Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent)(except for independent directors appointed in accordance with the Company Act or the laws and regulations of the local country);
- Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;
- Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service with total compensation exceeding NTD 500,000 in the past two years.";
- Not a spouse nor a relative within the second degree of kinship with the other directors;
- Not been a person of any conditions defined in Article 30 of the Company Act;
- Not elected as a representative of the government or an institutional investor as a result of Article 27 of the Company Act.



3.2.2 Profiles of CEO, president, vice presidents, assistant vice presidents, department heads, branch heads, and subsidiary heads

The information of shares currently held was disclosed up to April 13, 2021  
 The information of election and appointment date and concurrent positions in TCC and other companies was disclosed up to February 28, 2021

Title	Nationality	Name	Gender	Elected (appointed) date	Shares currently held		Shares currently held by spouse and minors	
					Shares	Proportion (%)	Quantity	Proportion (%)
CEO	ROC	An-Ping Chang	Male	July 17, 2019	2,188,553	0.04	3,781,917	0.06

Shares held in the name of other persons		Education and experience	Concurrent positions in TCC and other companies	Spouse or relative within the second degree of kinship who is a manager in TCC			Note
Quantity	Proportion (%)			Title	Name	Relationship	
None	None	MBA, Stern School of Business, New York University;  Chairman, International CSRC Investment Holdings Co., Ltd.;  Chairman, Taiwan Prosperity Chemical Corporation;  Chairman, Chia Hsin Cement Corporation	Chairman, Ho-Ping Power Company; Chairman, TCC Energy Storage Technology Corporation; Chairman, TCC Sustainable Energy Investment Corporation; Chairman, E-One Moli Energy Corporation; Chairman, TCC Recycle Energy Technology; Chairman, TCC chemical Corporation; Chairman, Molie Quantum Energy; Chairman, Upper Value Investments Limited; Director, TCC Information Systems Corporation; Director, Ho-Ping Industrial Port Corporation; Director, Taiwan Transport & Storage Co., Ltd.; Director, Ta-Ho Maritime Corporation; Chairman, THC International S.A.; Director, Ta-Ho Maritime (SG) Corporation; Director, Chia Hsin R.M.C. Corporation; Director, CTCI Corporation; Director, Chinatrust Investment Co., Ltd.; Chairman, TCC International Holdings Limited; Director, Cimpor Global Holdings Limited. (Shown as: Dutch Oyak TCC Holdings BV); Director, Taiwan Stock Exchange Corporation; Independent Director, Synnex Technology International Corporation; Managing director, O-Bank; Director, Dr. Cecilia Koo Botanic Conservation Center	None	None	None	Note 4



Title	Nationality	Name	Gender	Elected (appointed) date	Shares currently held		Shares currently held by spouse and minors	
					Shares	Proportion (%)	Quantity	Proportion (%)
President	ROC	Jong-Peir Li	Male	July 31, 2017	786,542	0.01	-	-
Senior Vice President	ROC	Chien-Chiang Huang	Male	January 1, 2006	739,535 *20,616	0.01 *0.01	-	-

Shares held in the name of other persons		Education and experience	Concurrent positions in TCC and other companies	Spouse or relative within the second degree of kinship who is a manager in TCC			Note
Quantity	Proportion (%)			Title	Name	Relationship	
None	None	Ph D. of NCCU Department of Management Information Systems;  MS in Information Technology Management, Carey Business School, Johns Hopkins University;  MS in Business Management, George Washington University;  President of HSBC (Taiwan) Commercial Bank and President, Taiwan, HSBC;  Representative, Global Business Finance and Capital Market Department in HSBC;  Director, Capital Market Department in CTBC Bank;  CFO, Citi bank (Taiwan);  CFO, Citibank Taiwan Limited.	Chairman, TCC Information Systems Corporation; Director and President, Ho-Ping Power Company; Director and President, Molie Quantum Energy; Director, Taiwan Prosperity Chemical Corporation; Director, TCC Chemical Corporation; Director, Taiwan Transport & Storage Co., Ltd.; Director and President, TCC Sustainable Energy Investment Corporation; Director and President, TCC Energy Storage Technology Corporation; Director, Ta-Ho Maritime Corporation; Director, E-One Moli Energy Corp.; Director, TCC New (Hangzhou) Management Company Limited; Director, TCC International Holdings Limited; Director, Taiwan Cement (Dutch) Holdings B.V.; Director CIMPOR GLOBAL HOLDINGS B.V (Shown as: Dutch Oyak Tcc Holdings BV); Independent Director, TransGlobe Life Insurance Inc.; Member of the audit committee, TransGlobe Life Insurance Inc.; Member of the commission on strategic, TransGlobe Life Insurance Inc.; Director, Dr. Cecilia Koo Botanic Conservation Center	None	None	None	
None	None	BS in Transportation and Communication Management Science, National Cheng Kung University	Chairman, Ho-Ping Industrial Port Corporation; Chairman, Feng Sheng Industrial Co., Ltd.; Chairman, E.G.C. Cement Corporation; Director, Taiwan Cement Engineering Corporation; Director, TCC Information Systems Corporation; Director, Taiwan Transport & Storage Co., Ltd.; Director, Ho-Ping Power Company; Director, Ta-Ho Maritime Corporation; Director, Taiwan Cement (Dutch) Holdings B.V.; Director, Dr. Cecilia Koo Botanic Conservation Center	None	None	None	





Title	Nationality	Name	Gender	Elected (appointed) date	Shares currently held		Shares currently held by spouse and minors	
					Shares	Proportion (%)	Quantity	Proportion (%)
Senior Vice President	ROC	Ker-Fu Lu	Male	June 30, 2008	108,092	0.00	-	-
Vice President	ROC	Bao-Luo Ge	Male	August 11, 2017	292,448	0.00	-	-
Senior Assistant Vice President	ROC	Chien-Chuan Wang	Male	February 9, 2015	182,992	0.00	1,718	0.00

Shares held in the name of other persons		Education and experience	Concurrent positions in TCC and other companies	Spouse or relative within the second degree of kinship who is a manager in TCC			Note
Quantity	Proportion (%)			Title	Name	Relationship	
None	None	BS in Mechanical Engineering, Tamkang University	Chairman and President, Taiwan Cement Engineering Corporation; Chairman, TCC Green Energy Corporation; Chairman, Jin Chang Minerals Co., Ltd.; Chairman, Tung Chen Mineral Corporation Ltd.; Chairman, Beijing TCC Environmental Protection Technology Co., Ltd.; Director, TCC Information Systems Corp.; Director, Ho-Ping Power Company; Director, TCC (Hangzhou) Environmental Protection Technology Co., Ltd.; Director, TA-HO Maritime Corporation; Director, ONYX TA-HO Environmental Services Co., Ltd.; President, TCC Chemical Corporation; Supervisor, Ho-Ping Renewable Energy Company	None	None	None	
None	None	MS in Foreign Service, Edmund A. Walsh School of Foreign Studies, Georgetown University	Director, ONYX TA-HO Environmental Services Co., Ltd.; Director, TCC (Hangzhou) Environmental Protection Technology Co., Ltd.; Supervisor, Jurong TCC Environmental Company	None	None	None	
None	None	BE in Mechanical Engineering, Feng Chia University	Chairman, TA-HO RSEA Environment Co., Ltd.; Chairman, Ho Sheng Mining Co., Ltd.; Director and President, Ho-Ping Renewable Energy Company; Director, Taiwan Cement Engineering Corporation; Director, Taiwan Transport & Storage Co., Ltd.; Director, Tung Chen Mineral Corporation Ltd.; Director, Kuan-HO Refractories Industry Corporation	None	None	None	



Title	Nationality	Name	Gender	Elected (appointed) date	Shares currently held		Shares currently held by spouse and minors	
					Shares	Proportion (%)	Quantity	Proportion (%)
Senior Assistant Vice President	ROC	Feng-Ping Liu	Female	February 9, 2015	140,790	0.00	229	0.00
Senior Assistant Vice President	ROC	Lin-Tian Huang	Male	February 9, 2015	4,301	0.00	-	-
Senior Assistant Vice President	ROC	Yu-Jun Yeh	Female	January 29, 2018	153,362	0.00	-	-
Senior Assistant Vice President (Note 2)	ROC	Kuo-Yu Tsai	Male	August 3, 2020	526,028	0.01	-	-
Assistant Vice President	ROC	Kung-Yi Koo	Male	June 8, 2017	561,815	0.01	-	-

Shares held in the name of other persons		Education and experience	Concurrent positions in TCC and other companies	Spouse or relative within the second degree of kinship who is a manager in TCC			Note
Quantity	Proportion (%)			Title	Name	Relationship	
None	None	MS in Technology Application and Human Resources Development, National Normal University	Director, Taiwan Prosperity Chemical Corporation	None	None	None	
None	None	BA in Business Administration, Tamkang University	Director, Union Cement Traders Inc.; Supervisor, Ta-Ho Maritime Corporation	None	None	None	
None	None	EMBA, National Cheng Chi University	Director, Dr. Cecilia Koo Botanic Conservation Center	None	None	None	
None	None	BA in Law, Soochow University	None	None	None	None	
None	None	MBA, The Wharton Business School, University of Pennsylvania; Vice President, Morgan Stanley Investment Banking Department; Vice Chairman, Taiwan Cement Corporation	Director, Taiwan Cement Corporation; Chairman, International CSRC Investment Holdings Co., Ltd.; Chairman, Taiwan Prosperity Chemical Corporation; Chairman, Linyuan Advanced Materials Technology Co., Ltd.; Chairman, Circular Commitment Company; Chairman, Yun Cheng Investment Corporation; Chairman, Chung Cheng Development & Investment Co.; Chairman, Consolidated Resource Company; Chairman, Taiwan Transport & Storage Corp.; Chairman, Tai-Jie Transport & Storage Corporation; Director, E-ONE Moli Energy Corp.; Director, TCC Recycle Energy Technology Company; Director, Ho-Ping Power Company; Director, Ho-Ping Renewable Energy Company; Director, CSRC (BVI) Ltd.; Director, CSRC (Singapore) Pte. Ltd.; Director, Sypac Ltd.; Director, China Steel Chemical Corporation	None	None	None	



Title	Nationality	Name	Gender	Elected (appointed) date	Shares currently held		Shares currently held by spouse and minors	
					Shares	Proportion (%)	Quantity	Proportion (%)
Assistant Vice President	ROC	Wei-Jue Hong	Male	November 12, 2010	205,380	0.00	-	-
Assistant Vice President	ROC	Jin-Lung Yu	Male	April 25, 2016	230,463	0.00	-	-
Assistant Vice President	ROC	Cen-Wei Lan	Male	March 6, 2017	144,984	0.00	-	-
Assistant Vice President	ROC	Yuo-Xin Song	Male	March 6, 2017	125,957	0.00	-	-
Assistant Vice President	ROC	Kuang-Si Chen	Male	April 23, 2019	78,653	0.00	-	-
Assistant Vice President and Corporate Governance Manager (Note 1)	ROC	Jia-Ro Lai	Female	April 23, 2019	66,053	0.00	224	0.00
Assistant Vice President and Accounting Chief Officer	ROC	Guo-Hong Yeh	Male	December 16, 2015	112,362	0.00	-	-

Shares held in the name of other persons		Education and experience	Concurrent positions in TCC and other companies	Spouse or relative within the second degree of kinship who is a manager in TCC			Note
Quantity	Proportion (%)			Title	Name	Relationship	
None	None	BA in Business Administration, National Taipei University	Director, CHC Resources Corporation; Director, Feng Sheng Industrial Co., Ltd.; Director, E.G.C. Cement Corporation	None	None	None	
None	None	BA in Business Administration, National Cheng Chi University	None	None	None	None	
None	None	BA in Business Administration, National Cheng Chi University	None	None	None	None	
None	None	BS in Statistics, Feng Chia University	None	None	None	None	
None	None	BS in Chemical Engineering, National Central University	Director, Kuan-Ho Refractories Industry Corporation	None	None	None	
None	None	LLM, Fu-Jen University	Supervisor, Ho Sheng Mining Co., Ltd.; Supervisor, Ho-Ping Power Company	None	None	None	
None	None	MA in Accounting, National Taipei University	Director, International CSRC Investment Holdings Co., Ltd.; Director, TCC Green Energy Corporation; Director, TCC (Hangzhou) Renewable Resources Technology Co., Ltd.; Supervisor, E-ONE Moli Energy Corp.; Supervisor, Molie Quantum Energy; Supervisor, TCC Recycle Energy Technology Company; Supervisor, TCC Investment Corporation; Supervisor, Taiwan Cement Engineering Corporation; Supervisor, TCC Information System Corporation; Supervisor, TCC Energy Storage Technology Corporation; Supervisor, TCC Sustainable Energy Investment Corporation; Supervisor, Kuan-HO Refractories Industry Corporation; Supervisor, Beijing TCC Environmental Protection Technology Co., Ltd.; Supervisor, ONYX TA-HO Environmental Services Co., Ltd.	None	None	None	





Title	Nationality	Name	Gender	Elected (appointed) date	Shares currently held		Shares currently held by spouse and minors	
					Shares	Proportion (%)	Quantity	Proportion (%)
Senior Manager	ROC	Chia-Pei Wei	Male	March 1, 2016	187,084 *4,925	0.00 *0.00	-	-
Senior Manager	ROC	Ming-De Li	Male	August 11, 2017	21,000	0.00	-	-
Senior Manager	ROC	Cheng-Dao Qiang	Male	August 11, 2017	83,844	0.00	-	-
Senior Manager	ROC	Yun-De Wu	Male	July 9, 2018	37,225	0.00	-	-
Manager	ROC	Zhi-Ren Liu	Male	August 11, 2017	91,219	0.00	-	-
Manager	ROC	Jin-Yi Chen	Male	April 13, 2015	89,890	0.00	-	-
Manager and Internal Audit Manager (Note 2)	ROC	Chia-Hua Tsao	Male	December 1, 2020	0	0.00	-	-
Senior Assistant Manager	ROC	Chong-Zhi Hong	Male	March 30, 2015	89,890	0.00	-	-
Senior Assistant Manager	ROC	Zhi-Feng Wu	Male	August 11, 2017	79,075	0.00	3,707	0.00

Shares held in the name of other persons		Education and experience	Concurrent positions in TCC and other companies	Spouse or relative within the second degree of kinship who is a manager in TCC			Note
Quantity	Proportion (%)			Title	Name	Relationship	
None	None	BS in Geology, Chinese Culture University	Director and President, Ho Sheng Mining Co., Ltd.; Director, Jin Chang Minerals Co., Ltd.; Director, Tung Chen Mineral Corporation Ltd.; Director, Kuan-HO Refractories Industry Corporation; Director, HPC Power Services Corporation; Director, Ho-Ping Industrial Port Corporation	None	None	None	
None	None	BS in Mechanical Engineering, Feng Chia University	None	None	None	None	
None	None	BS in Chemical Engineering, National Taipei Institute of Technology (now National Taipei University of Technology)	None	None	None	None	
None	None	BS in Geology, Chinese Culture University	Director, CHC Resources Corporation; Director, Feng Sheng Industrial Co., Ltd.	None	None	None	
None	None	BS in Chemical Engineering, Yuan Ze Institute of Technology (now Yuan Ze University)	Director and President, Kuan-HO Refractories Industry Corporation	None	None	None	
None	None	BS in Chemical Engineering, National Taiwan Institute of Technology (now National Taiwan University of Science and Technology)	Supervisor, Jin Chang Minerals Co., Ltd.	None	None	None	
None	None	BS in Accounting, Fu Jen Catholic University	None	None	None	None	
None	None	BS in Fisheries Science, National Taiwan Ocean University	Director, Feng Sheng Enterprise Company Limited; Supervisor, E.G.C. Cement Corporation	None	None	None	
None	None	BS in Marine Biology, Taipei College of Maritime Technology (now Taipei University of Marine Technology)	None	None	None	None	



Title	Nationality	Name	Gender	Elected (appointed) date	Shares currently held		Shares currently held by spouse and minors	
					Shares	Proportion (%)	Quantity	Proportion (%)
Manager	ROC	Zhi-Chun Lai	Male	August 11, 2017	112,362 *3,132	0.00 *0.00	-	-
Assistant Manager (Note 2)	ROC	Tzu-Yang Wu	Male	July 2, 2020	0	0.00	-	-
Senior Assistant Manager (Note 3)	ROC	Jao-Gui Lin	Male	March 14, 2018	56,181	0.00	-	-
Senior Assistant Manager (Note 3)	ROC	Li-Chi Hsiao	Male	January 31, 2020	3,150	0.00	-	-
Vice President and Head of Legal and Corporate Governance (Note 3)	ROC	Li-Wen Tsai	Male	January 5, 2015	436,038	0.01	-	-
Senior Manager and Internal Audit Manager (Note 3)	ROC	Xiao-En Tseng	Male	December 21, 2004	186,631	0.00	-	-

Note 1: Li-Wen Tsai, previous corporate governance manager, resigned. Jia-Ro Lai was appointed as a corporate governance manager by the Board of Director on August 11, 2020.

Note 2: Kuo-Yu Tsai was promoted as of August 3, 2020. Chia-Hua Tsao was promoted as of December 1, 2020. Tzu-Yang Wu was promoted as of July 2, 2020.

Note 3: Jao-Gui Lin and Li-Chi Hsiao resigned as of July 2, 2020. Li-Wen Tsai resigned as of August 3, 2020. Xiao-En Tseng resigned as of December 31, 2020.

Note 4: Where the general manager or a person of equivalent ranking (i.e. the highest ranking manager) and the Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given

Shares held in the name of other persons		Education and experience	Concurrent positions in TCC and other companies	Spouse or relative within the second degree of kinship who is a manager in TCC			Note
Quantity	Proportion (%)			Title	Name	Relationship	
None	None	BS in Economics, Tamkang University	None	None	None		
None	None	BS in Finance, Feng Chia University	None	None	None		
None	None	BA in Japanese, Wenzao College of Foreign Languages (now Wenzao Ursuline University of Languages)	None	None	None		
None	None	Department of Mechanical Engineering, Da Yeh University, Taiwan	None	None	None		
None	None	LLB, Department of Law; LLM, Law School, National Taiwan University	Chairman, ONYX Ta-Ho Environmental Services Co., Ltd.; Chairman, TA-HO Maritime Corporation; Chairman, Kaili TCC Environment Technology Co., Ltd.; Director, Chung Cheng Development & Investment Co.; Director, Taiwan Cement (Dutch) Holdings B.V.; Director, Ho-Ping Renewable Energy Company; Director, THC International S.A; Director, TA-HO Maritime (HK) Corporation; Supervisor, Linyuan Advanced Materials Technology Co., Ltd.; Supervisor, Circular Commitment Company; Supervisor, Consolidated Resource Company; Supervisor, TCC Chemical Corporation; Deputy Executive Manager, Dr. Cecilia Koo Botanic Conservation Center	None	None	None	
None	None	BA in Accounting, Soochow University, Taiwan	Supervisor, Taiwan Transport & Storage Co., Ltd.; Supervisor, Ho-Ping Industrial Port Corporation; Supervisor, Ta-Ho Rsea Environment Co., Ltd.; Supervisor, TCC Green Energy Corporation	None	None	None	

to describe the rationale, reasonableness, necessity, and the countermeasures taken (such as increasing the number of independent directors, of which over half of the directors should not be an employee or serve a managerial position): TCC's CEO is responsible for all the affairs of the Company and its affiliates and execution of Board of Directors' resolutions and supervision of all the managers of the Company and its affiliates.

Note 5: Zhi-Heng Peng resigned as of January 31, 2020. Yu-Wen Qiu and Bo-Jun Lin resigned as of February 17, 2020.

Note 6: \* refers to preferred shares.



### 3.2.3 Remuneration for directors, supervisors, presidents, and vice presidents

#### (1) Remuneration paid to directors

Unit: NT\$ thousands

Title	Name	Director's remuneration							
		Base compensation (A)		Severance pay and pensions (B)		Compensation to directors(C)(Note 1)		Allowances (D)	
		From TCC	From all consolidated entities (Note 5)	From TCC	From all consolidated entities (Note 5)	From TCC	From all consolidated entities (Note 5)	From TCC	From all consolidated entities (Note 5)
Chairman	Chai Hsin R.M.C. Corporation Representative: An-Ping Chang								
Vice Chairman	Tai Ho Farming Co., Ltd. Representative: Kung-Yi Koo (Note 4)								
Director	C. F. Koo Foundation Representative: Jong-Peir Li								
Director	Fu Pin Investment Co., Ltd. Representative: Por-Yuan Wang								
Director	Fu Pin Investment Co., Ltd. Representative: Chi-Chia Hsieh								
Director	International CSRC Investment Holdings Co., Ltd. Representative: Kenneth C.M. Lo								
Director	Chia Hsin Cement Corporation Representative: Jason Kang-Lung Chang								
Director	Chia Hsin Cement Corporation Representative: Chi-Te Chen								
Director	Hsin He Investment Co., Ltd. Representative: Chi-Wen Chang	29,415	43,139	0	0	256,965	256,965	968	1,060
Director	Chinatrust Investment Co., Ltd. Representative: Chun-Ying Liu								
Director	Chung Cheng Development & Investment Corporation Representative: Tzun-Yen Yu								
Director	Heng Qiang Investment Co., Ltd. Representative: Chien Wen								
Director	Heng Qiang Investment Co., Ltd. Representative: Chih-Chung Tsai								
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu								
Director	Sishan Investment Co., Ltd. Representative: Nan-Chou Lin								
Independent Director	Victor Wang								
Independent Director	Yu-Cheng Chiao								
Independent Director	Lynette Ling-Tai Chou								
Independent Director	Chin-Jen Sheng								

1. The connections of the remuneration policy of the Company, standards and portfolios, the procedures for setting remuneration and the performance of the business are as follows: in addition to the company's overall operating performance and the average package of each executives' remuneration in the respective industry, contribution to the company's operations, individual performance, and consideration of the company's future risks and reference to the average remuneration for the independent directors in the industry, the remuneration of the company's independent directors is evaluated by the

Note 1: Refers to the remuneration (including salary, duty allowances, severance pay, bonuses, awards, etc.) of directors in FY2021.  
 Note 2: Pensions funded in accordance with applicable laws. TCC recognized a pension allowance of NT\$108,000 as an expense in FY2020. TCC did not disburse the pension to employees.  
 Note 3: Refers to the amount of remuneration for employees approved by the BOD in FY2021. Figures in the table are estimates.

(A+B+C+D) as a % of net income		Compensation earned by a director who is also an employee of TCC or of TCC's consolidated entities								(A+B+C+D+E+F+G) as a % of Net Income		Other compensations from non-subsidiary affiliates or the parent company (Note 6)
From TCC	From all consolidated entities (Note 5)	Base compensation, bonuses, and allowances. (E)		Severance pay and pensions (F) (Note 2)		Employee profit sharing from earnings distribution(G) (Note3)				From TCC	From All Consolidated Entities (Note 5)	
		From TCC	From all consolidated entities (Note 5)	From TCC	From all consolidated entities (Note 5)	From TCC		From all consolidated entities (Note 5)				
						Cash Amount	Share Amount	Cash Amount	Share Amount			
1.14%	1.20%	55,739	55,739	108	108	12,095	0	12,095	0	1.42%	1.47%	9,878

Compensation Committee in accordance with Article 20 of the Company's Charter for its reasonability, and submitted to the board of directors waiting for resolution.

2. In addition to the information disclosed above, was any remuneration paid in the previous year to independent directors for the preparation of financial statements? Not applicable.

Note 4: Kung-Yi Koo resigned from the position of Vice Chairman on January 9, 2020 and was appointed as the Company's director.

Note 5: Fully discloses the total amount of various director compensation items on a consolidated basis.

Note 6: If Company directors have received compensation from investee companies or the parent company, then such compensation shall be included in the compensation range table in column I, and the column heading shall be changed to "Parent and all investee companies".





Remuneration scale for TCC Directors	Name of directors			
	Sum of A to D		Sum of A to G	
	TCC	All consolidated entities	TCC	All Consolidated Entities
Below NT\$1,000,000	Chih-Chung Tsai, Jong-Peir Li, Chi-wen Chang	Chih-Chung Tsai, Chi-wen Chang	Chih-Chung Tsai, Chi-wen Chang	Chih-Chung, Tsai, Chi-wen Chang
NT\$1,000,000 (included) – NT\$2,000,000 (excluded)	Lynette Ling-Tai, Chou, Victor Wang, Chin-Jen Sheng, Yu-Cheng Chiao, Kung-Yi Koo, Chien Wen, Por-Yuan Wang, Tzun-Yen Yu, Chi-Te Chen, Chi-Chia Hsieh, Nan-Chou Lin, Jason Kang-Lung Chang, Kenneth C.M. Lo, Chun-Ying, Liu, Eric T. Wu	Lynette Ling-Tai, Chou, Victor Wang, Chin-Jen Sheng, Yu-Cheng Chiao, Por-Yuan Wang, Tzun-Yen Yu, Chi-Te Chen, Chi-Chia Hsieh, Nan-Chou Lin, Jason Kang-Lung Chang, Kenneth C.M. Lo, Chun-Ying, Liu, Eric T. Wu	Lynette Ling-Tai, Chou, Victor Wang, Chin-Jen Sheng, Yu-Cheng Chiao, Chien Wen, Por-Yuan Wang, Tzun-Yen Yu, Chi-Te Chen, Chi-Chia Hsieh, Nan-Chou Lin, Jason Kang-Lung Chang, Kenneth C.M. Lo, Chun-Ying, Liu, Eric T. Wu	Lynette Ling-Tai, Chou, Victor Wang, Yu-Cheng Chiao, Por-Yuan Wang, Tzun-Yen Yu, Chi-Te Chen, Chi-Chia Hsieh, Nan-Chou Lin, Jason Kang-Lung Chang, Kenneth C.M. Lo, Chun-Ying, Liu, Eric T. Wu
NT\$2,000,000 (included) – NT\$3,500,000 (excluded)		Jong-Peir Li, Chin-Jen Sheng, Chien Wen		Chin-Jen Sheng, Chien Wen
NT\$3,500,000 (included) – NT\$5,000,000 (excluded)			Kung-Yi Koo	
NT\$5,000,000 (included) – NT\$10,000,000 (excluded)		Kung-Yi Koo		
NT\$10,000,000 (included) – NT\$15,000,000 (excluded)	Hsin He Investment Co., Ltd., C. F. Koo Foundation, Shinkong Synthetic Fibers Corporation, Chung Cheng Development & Investment Corporation, Chinatrust Investment Co., Ltd., Sishan Investment Co., Ltd., Chai Hsin R.M.C. Corporation, International CSRC Investment Holdings Co., Ltd., Tai Ho Farming Co., Ltd.	Hsin He Investment Co., Ltd., C. F. Koo Foundation, Shinkong Synthetic Fibers Corporation, Chung Cheng Development & Investment Corporation, Chinatrust Investment Co., Ltd., Sishan Investment Co., Ltd., Chai Hsin R.M.C. Corporation, International CSRC Investment Holdings Co., Ltd., Tai Ho Farming Co., Ltd.	Hsin He Investment Co., Ltd., C. F. Koo Foundation, Shinkong Synthetic Fibers Corporation, Chung Cheng Development & Investment Corporation, Chinatrust Investment Co., Ltd., Sishan Investment Co., Ltd., Chai Hsin R.M.C. Corporation, International CSRC Investment Holdings Co., Ltd., Tai Ho Farming Co., Ltd.	Hsin He Investment Co., Ltd., C. F. Koo Foundation, Shinkong Synthetic Fibers Corporation, Chung Cheng Development & Investment Corporation, Chinatrust Investment Co., Ltd., Sishan Investment Co., Ltd., Chai Hsin R.M.C. Corporation, International CSRC Investment Holdings Co., Ltd., Tai Ho Farming Co., Ltd., Kung-Yi Koo
NT\$15,000,000 (included) – NT\$30,000,000 (excluded)	Heng Qiang Investment Co., Ltd., Chia Hsin Cement Corporation, Fu Pin Investment Co., Ltd.	Heng Qiang Investment Co., Ltd., Chia Hsin Cement Corporation, Fu Pin Investment Co., Ltd.	Heng Qiang Investment Co., Ltd., Chia Hsin Cement Corporation, Fu Pin Investment Co., Ltd.	Heng Qiang Investment Co., Ltd., Chia Hsin Cement Corporation, Fu Pin Investment Co., Ltd.
NT\$30,000,000 (included) – NT\$50,000,000 (excluded)				
NT\$50,000,000 (included) – NT\$100,000,000 (excluded)	An-Ping Chang	An-Ping Chang	An-Ping Chang, Jong-Peir Li	An-Ping Chang, Jong-Peir Li
NT\$100,000,000 and above				
Total	31	31	31	31

(2) Remuneration for CEO, presidents and vice presidents

Unit: NT\$ thousands

Title	Name	Salary (A)		Pension (B)		Bonuses and special expenses (C)		Employee compensation (D) (Note 1)				(A+B+C+D) as % of net income		Other compensation from non-subsidiary affiliates or parent company	
		From TCC	From all consolidated entities	From TCC	From all consolidated entities	From TCC	From all consolidated entities	From TCC		From all consolidated entities		From TCC	From all consolidated entities		
								Cash amount	Share amount	Cash amount	Share amount				
CEO	An-Ping Chang														
President	Jong-Peir Li														
Senior Vice President	Chien-Chiang Huang														
Senior Vice President	Ker-Fu Lu	114,513	121,340	2,040	2,040	46,338	46,518	19,487	-	19,487	-	0.73%	0.75%	-	
Vice President	Bao-Luo Ge														
Vice President and Head of Legal and Corporate Governance (Note 2)	Li-Wen Tsai														

Note 1: Refers to the remuneration approved by the BOD in FY2020. Figures in the table are estimates.  
 Note 2: Li-Wen Tsai resigned on August 3, 2020 because of job rotation.

Remuneration scale for individual key managers	Name of Presidents and Vice Presidents	
	TCC	Parent company and all investees
Below NT\$1,000,000		
NT\$1,000,000 (included) – NT\$2,000,000 (excluded)		
NT\$2,000,000 (included) – NT\$3,500,000 (excluded)		
NT\$3,500,000 (included) – NT\$5,000,000 (excluded)		
NT\$5,000,000 (included) – NT\$10,000,000 (excluded)	Bao-Luo Ge, Li-Wen Tsai	Bao-Luo Ge, Li-Wen Tsai
NT\$10,000,000 (included) – NT\$15,000,000 (excluded)	Chien-Chiang Huang	
NT\$15,000,000 (included) – NT\$30,000,000 (excluded)	Ker-Fu Lu	Chien-Chiang Huang, Ker-Fu Lu
NT\$30,000,000 (included) – NT\$50,000,000 (excluded)		
NT\$50,000,000 (included) – NT\$100,000,000 (excluded)	An-Ping Chang, Jong-Peir Li	An-Ping Chang, Jong-Peir Li
NT\$100,000,000 and above		
Total	6	6



Remuneration for managers (as of December 31, 2020)

Unit: NT\$ thousands

	Title	Name	Share amount (Note 1)	Cash amount (Note 1)	Total	Percentage of net earnings after tax
Manager	CEO	An-Ping Chang	-	26,661	26,661	0.11%
	President	Jong-Peir Li				
	Senior Vice President	Chien-Chiang Huang				
	Senior Vice President	Ker-Fu Lu				
	Vice President	Bao-Luo Ge				
	Senior Assistant Vice President	Chien-Chuan Wang				
	Senior Assistant Vice President	Feng-Ping Liu				
	Senior Assistant Vice President	Lin-Tian Huang				
	Senior Assistant Vice President	Yu-Jun Yeh				
	Senior Assistant Vice President (Note 2)	Kuo-Yu Tsai				
	Assistant Vice President	Kung-Yi Koo				
	Assistant Vice President	Wei-Jue Hong				
	Assistant Vice President	Jin-Lung Yu				
	Assistant Vice President	Cen-Wei Lan				
	Assistant Vice President	Yuo-Xin Song				
	Assistant Vice President	Kuang-Si Chen				
	Assistant Vice President and Corporate Governance Manager (Note 3)	Jia-Ro Lai				
	Assistant Vice President and Chief Accounting Officer	Guo-Hong Yeh				
	Senior Manager	Chia-Pei Wei				
	Senior Manager	Ming-De Li				
	Senior Manager	Cheng-Dao Qiang				
	Senior Manager	Yun-De Wu				
	Manager	Zhi-Ren Liu				
	Manager	Jin-Yi Chen				
	Manager	Zhi-Chun Lai				
	Manager and Internal Audit Manager (Note 2)	Chia-Hua Tsao				
Senior Assistant Manager	Chong-Zhi Hong					
Senior Assistant Manager	Zhi-Feng Wu					

	Title	Name	Share amount (Note 1)	Cash amount (Note 1)	Total	Percentage of net earnings after tax
Manager	Assistant Manager (Note 2)	Tzu-Yang Wu	-	-	-	-
	Vice President and Head of Legal and Corporate Governance (Note 4)	Li-Wen Tsai				
	Senior Manager and Internal Audit Manager (Note 4)	Xiao-En Tseng				
	Senior Assistant Manager (Note 4)	Jao-Gui Lin				
	Senior Assistant Manager (Note 4)	Li-Chi Hsiao				
	This table forms an integral part of and should be read in conjunction with Page 57.					

Note 1: Refer to the remuneration for managers approved by the BOD in FY2020. Figures in the table are estimates.

Note 2: Kuo-Yu Tsai was promoted as of August 3, 2020. Chia-Hua Tsao was promoted as of December 1, 2020. Tzu-Yang Wu was promoted as of July 2, 2020.

Note 3: Li-Wen Tsai, previous corporate governance manager, resigned. Jia-Ro Lai was appointed as a corporate governance manager by the Board of Director on August 11, 2020.

Note 4: Jao-Gui Lin and Li-Chi Hsiao resigned as of July 2, 2020. Li-Wen Tsai resigned as of August 3, 2020. Xiao-En Tseng resigned as of December 1, 2020.

Note 5: Chih-Hang Peng resigned as of January 31, 2020. Yu-Wen Chiu and Bo-Jun Lin resigned as of February 17, 2020.

**3.2.4 Does the circumstances in Sub-item “a” or in Sub-item “e” of Item 2 Paragraph 3 Article 10 of the Regulations apply to TCC? If so, TCC shall disclose the individual remuneration paid to each of its top five management personnel:** None.

**3.2.5 Compensation to directors, supervisors, president, and vice president, as a percentage of net income for the most recent two years; compensation policy, budget, and risks:**

Title	Percentage of total compensation of net income			
	FY2020		FY2019	
	TCC	Consolidated entities	TCC	Consolidated entities
Directors	1.42%	1.47%	1.41%	1.47%
CEO, Presidents and vice presidents	0.73%	0.75%	0.74%	0.78%



In order to attract, retain and encourage employees, TCC provides a competitive compensation and benefits package, and adjusted based on real operating performance and related regulations. Keep Directors and managers away from pursuing compensation and excessing of authority, and benefit the long-term development of the company and achieve the operating objectives.

#### Principle of compensation:

##### Employee

1. The compensation package of employees includes salary, year-end bonus, quarter bonus and performance bonus which compare to pay level, operating performance and internal structure to adjust the reasonable compensation.
2. Annual raise is based on Industrial dynamics, regulation by the government.
3. Year-end bonus, quarter bonus and performance bonus are according to the operating performance, personal performance, and in accordance with Article 25 to distribution of employee compensation to encourage the employees.

##### Manager

1. The compensation package of employees includes salary, year-end bonus, quarter bonus and performance bonus which compare to pay level, operating performance and internal structure to adjust the reasonable compensation.
2. The compensation package of President, Vice President and managers are based on the operating strategy, profitability and personal performance, after comparing to pay level, submitted to the compensation committee to provide some advices and approved by the Board of Directors.

##### Director

1. In accordance with Compensation committee Article 4, the performance rating and compensation are compared to the same industry. Based on evaluation results, responsibility and financial position of the company to evaluate the connections among personal performance, operating performance and the future risk.
2. Expect for monthly payments, Directors are paid for attendance. In accordance with Article 25, the company accrued compensation of directors with the rates no higher than 1%, and distributed compensation based on their performance result.

## 3.3 Corporate governance report

### 3.3.1 Board of directors' meeting status

In the most recent fiscal year up to March 20, 2021, the Board of Directors held eleven (A) meetings, with the attendance of directors shown below:

Title	Name	Attendance in person (B)	Attendances by proxy	Attendance rate in person (%) [B/A]	Note
Chairman	Chai Hsin R.M.C. Corporation Representative: An-Ping Chang	11	0	100	
Director	C. F. Koo Foundation Representative: Jong-Peir Li	11	0	100	
Director	International CSRC Investment Holdings Co., Ltd. Representative: Kenneth C.M. Lo	8	3	73	
Director	Fu Pin Investment Co., Ltd. Representative: Por-Yuan Wang	11	0	100	
Director	Chung Cheng Development & Investment Corporation Representative: Tzun-Yen Yu	10	1	91	
Director	Fu Pin Investment Co., Ltd. Representative: Chi-Chia Hsieh	10	1	91	
Director	Tai Ho Farming Co., Ltd. Representative: Kung-Yi Koo	11	0	100	
Director	Chia Hsin Cement Corporation Representative: Jason Kang-Lung Chang	9	1	82	
Director	Chia Hsin Cement Corporation Representative: Chi-Te Chen	10	1	91	
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	5	6	45	
Director	Hsin He Investment Co., Ltd. Representative: Chi-Wen Chang	9	2	82	
Director	Sishan Investment Co., Ltd. Representative: Nan-Chou Lin	10	1	91	
Director	Heng Qiang Investment Co., Ltd. Representative: Chien Wen	11	0	100	
Director	Chinatrust Investment Co., Ltd. Representative: Chun-Ying Liu	8	2	73	
Director	Heng Qiang Investment Co., Ltd. Representative: Chih-Chung Tsai	11	0	100	
Independent Director	Yu-Cheng Chiao	8	3	73	
Independent Director	Victor Wang	11	0	100	
Independent Director	Chin-Jen Sheng	10	1	91	
Independent Director	Lynette Ling-Tai Chou	11	0	100	

Other required notes for Board of Directors' meetings:

1. While carrying out its operations, the Board of Directors must report the meeting date, period, meeting content, and board resolutions for dissenting opinions or qualified opinions from independent directors:

(1) Are there any matters specified in Article 14.3 of the Taiwan Securities and Exchange Act that should be noted? None.

(2) Unless otherwise noted, are there any independent directors who expressed opposition or qualified opinions that were recorded or declared in writing? None.





2. When there is avoidance due to conflicts of interest by a director, the name of the director, the proposal(s), the cause for the conflict of interest, and the participation of the voting should be noted:

**(1) 14<sup>th</sup> meeting of the 23<sup>rd</sup> round of Board of Directors**

Discussion of proposal 2: Approval of CEO's remuneration.

Discussion process	Chairman An-Ping Chang and attending managers recused themselves from the discussion, with Director Por-Yuan Wang as the Acting Chairperson.
Resolution	The proposal was approved at the 10 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting without objections.

**(2) 16<sup>th</sup> meeting of the 23<sup>rd</sup> round of the Board of Directors**

Discussion of proposal 1: The reward distribution for employees and directors for 2019.

Discussion process	Except for the independent directors, all other directors recused themselves from the discussion, and the meeting was chaired by Yu-Cheng Chiao.
Resolution	The proposal was resolved in the 11 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee, and the chairperson consulted all the independent directors who unanimously agreed with the proposal.

Discussion of proposal 2: Proportion of the reward distribution for the Chairman and directors in 2019.

Discussion process	Except for the independent directors, all other directors recused themselves from the discussion, and the meeting was chaired by Yu-Cheng Chiao.
Resolution	The proposal was resolved in the 11 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee, and the chairperson consulted all the independent directors who unanimously agreed with the proposal.

Discussion of proposal 25: The distribution of incentives and remuneration for the Company's managers in 2019.

Discussion process	Director Kung-Yi Koo and attending managers recused themselves from the discussion.
Resolution	The proposal was approved in the 11 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting without objections.

**(3) 18<sup>th</sup> meeting of the 23<sup>rd</sup> round of the Board of Directors**

Discussion of proposal 1: Plan to execute a tender offer for ordinary shares of Taiwan Prosperity Chemical Corporation (TPCC) and terminate TPCC's public listing.

Discussion process	Except for Kung-Yi Koo and Jong-Peir Li (who are Directors of TCC and Taiwan Prosperity Chemical Corporation) and Independent Director Chin-Jen Sheng (who is independent director of both TCC and Taiwan Prosperity Chemical Corporation) recused themselves from the discussion.
Resolution	After presentation of the proposal by the Audit Committee, business units, external financial and legal advisors, it was unanimously approved by all directors attending the meeting without objections.

Discussion of proposal 3: Plan to donate to the Fair Wind Foundation.

Discussion process	Director Por-Yuan Wang recused himself from the discussion.
Resolution	It was unanimously approved by all directors attending the meeting without objections.

**(4) 19<sup>th</sup> meeting of the 23<sup>rd</sup> round of Board of Directors**

Discussion of proposal 5: The appointment of an acting spokesman for TCC.

Discussion process	Manager Jia-Ro Lai recused herself from the discussion.
Resolution	It was unanimously approved by all directors attending the meeting without objections.

Discussion of proposal 6: The appointment of a Head of Corporate Governance for TCC.

Discussion process	Manager Jia-Ro Lai recused herself from the discussion.
Resolution	It was unanimously approved by all directors attending the meeting without objections.

Discussion of proposal 8: Approval of remuneration for senior supervisors:

Discussion process	Chairman An-Ping Chang, Director Jong-Peir Li and attending manager recused themselves from the discussion, with Independent Director Victor Wang as the Acting Chairperson.
Resolution	The proposal was resolved in the 12 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee, and the chairperson consulted all directors who unanimously agreed with the proposal.

**(5) 20<sup>th</sup> meeting of the 23<sup>rd</sup> round of Board of Directors**

Discussion of proposal 1: Plan to execute a tender offer for the ordinary shares of Taiwan Prosperity Chemical Corporation and terminate its public listing.

Discussion process	Director Kung–Yi Koo and Independent Director Chin–Jen Sheng recused themselves from the discussion.
Resolution	After the presentation of the proposal by the Audit Committee, business unit, external financial and legal advisors, it was unanimously approved by all directors attending the meeting without objections.

**(6) 21<sup>st</sup> meeting of the 23<sup>rd</sup> round of Board of Directors**

Discussion of proposal 1: Intention to bid for land which was leased by the ready–mixed cement plant in Taoyuan.

Discussion process	Directors Chi–Te Chen recused himself from the discussion. Director Jason Kang–Lung Chang was absent from the meeting, and was excluded from the discussion and voting.
Resolution	The proposal was resolved in the 21 <sup>st</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee, and the chairperson consulted all directors who unanimously agreed with the proposal.

Discussion of proposal 6: The retirement of the Head of Internal Audit.

Discussion process	Xiao–En Tseng recused himself from the discussion.
Resolution	It was unanimously approved by all directors attending the meeting without objections.

Discussion of proposal 7: The appointment of a new Head of Internal Audit.

Discussion process	Chia–Hua Tsao recused himself from the discussion.
Resolution	The proposal was resolved in the 21 <sup>st</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting without objections.

**(7) 22<sup>nd</sup> meeting of the 23<sup>rd</sup> round of the Board of Directors**

Discussion of proposal 2: Participate in the bidding for land which was owned by Chia Hsin Property Management and Development Corp. in Taoyuan.

Discussion process	Directors Jason Kang–Lung Chang and Director Chi–Te Chen recused themselves from the discussion.
Resolution	The proposal was resolved in the 22 <sup>nd</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee, and the chairperson consulted all directors who unanimously agreed with the proposal.

Discussion of proposal 7: The remuneration for Manager Chia–Hua Tsao

Discussion process	Attending managers recused themselves from the discussion of proposal 7 to 9. Director Jong–Peir, Li and Director Kung–Yi Koo recused themselves from the discussion as well.
Resolution	The proposal was approved in the 13 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting without objections.

Discussion of proposal 8: The employee pay raise plan for 2021.

Discussion process	Attending managers recused themselves from the discussion of proposal 7 to 9. Director Jong–Peir Li and Director Kung–Yi Koo recused themselves from the discussion as well.
Resolution	The proposal was approved in the 13 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting without objections.

Discussion of proposal 9: The remuneration distribution for employees for 2020.

Discussion process	Attending managers recused themselves from the discussion of proposal 7 to 9. Director Jong–Peir Li and Director Kung–Yi Koo recused themselves from the discussion as well.
Resolution	The proposal was approved in the 13 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting without objections.

**(8) 23<sup>rd</sup> meeting of the 23<sup>rd</sup> round of Board of Directors**

Discussion of proposal 4: The remuneration distribution for executive for 2020.

Discussion process	Chairman An–Ping Chang and all managers recused themselves from the discussion with Director Kenneth C.M. Lo as the Acting Chairperson.
Resolution	The proposal was resolved in the 14 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee, and the chairperson consulted all the directors who unanimously agreed with the proposal.

Discussion of proposal 5: Distribution of reward for managers for 2020.

Discussion process	All managers recused themselves from the discussion.
Resolution	The proposal was resolved in the 14 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee, and the chairperson consulted all the directors who unanimously agreed with the proposal.



**(9) 24<sup>th</sup> meeting of the 23<sup>rd</sup> round of Board of Directors**

Discussion of proposal 6: The reward distribution for employees and directors for 2020.

Discussion process	All directors and managers recused themselves from the discussion of proposal 6 and 7, except for the independent directors.
Resolution	Except for the independent directors, all other directors recused themselves from the discussion with Independent Director Yu-Cheng Chiao as the Acting Chairperson. The proposal was resolved in the 15 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee, and the chairperson consulted all the independent directors who unanimously agreed with the proposal.

Discussion of proposal 7: Proportion of distribution of reward for chairman and Directors for 2020.

Discussion process	All directors and managers recused themselves from the discussion of proposal 6 and 7, except for the independent directors.
Resolution	Except for the independent directors, all other directors recused themselves from the discussion with Independent Director Yu-Cheng Chiao as the Acting Chairperson. The proposal was resolved in the 15 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee, and the chairperson consulted all the independent directors who unanimously agreed with the proposal.

**3. Companies listed on the TWSE and the TPEX shall disclose information such as the assessment cycle, assessment period, scope and method of assessment, and assessment items conducted by individual board members:**

Assessment cycle	Assessment period	Scope of assessment	Method of assessment	Assessment items
Conducted once each year	January 1, 2020 to December 31, 2020	Board of Directors	Self-evaluation of the Board of Directors	1. Degree of participation in the Company's operations. 2. Enhancement of the quality of the BOD's decision-making. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of directors. 5. Internal controls.

Additional matters:

- The self-assessment results of the Board of Directors are disclosed on the Company's website.
- The Company convened a Board of Directors meeting in 2020, with an attendance rate of 89% (the director attendance rate shall be at least 80% in accordance with Regulations Governing the Self-Assessment of Directors).
- The Company follows the article 3-2 of Company's "Regulation of performance evaluation of the Board of Directors" The implementation of the performance evaluation of the Board of Directors shall be evaluated by external independent professional institutes or external experts at least every three years. The evaluation result shall be finished by the end of the first quarter of the following year. 2020 assessment of the BOD and self-assessment of the Directors of the Company have been completed in the end of January 2021 and KPMG Advisory Services Co. Ltd. was engaged to conduct the performance evaluation of the Board of Directors in 2020. Based on the evaluation report submitted by KPMG Advisory Services Co. Ltd. on February 26, 2021, the overall results are outstanding.

**4. Goals to improve the functions of the Board of Directors in the current and previous fiscal years (e.g. establishing an Audit Committee, promoting financial transparency, etc.) and an assessment of the implementation:**

- The Audit Committee was established in 2015.
- The Board of Directors emphasizes composition diversity, with members equipped with relevant knowledge, skills, and industry backgrounds. Many directors had the experience of being the Chairman or directors of other listed companies. Based on directors' knowledgeability, personal insight and commercial judgment, they will provide various contributions to the company's operating strategy.
- Eleven meetings of the 23<sup>rd</sup> round of the Board of Directors were held in the period between January 1, 2020 and March 20, 2021, which complies with the Board of Directors' requirement to hold at least one meeting each quarter. The key proposals are all disclosed on MOPS and the Company's website to ensure disclosure and transparency.
- The Board of Directors is committed to establishing a sound Board of Directors corporate governance system, boosting supervision capability, and improving the management function, in order to fulfill the requirements specified in the Company's "Rules of Procedure for Board Meetings."
- Other corporate governance issues:
  - Corporate governance: (a) Corporate governance evaluation report; (b) CSR report; (c) Information security report.
  - Legal compliance: The Company's Head of Corporate Governance and the Board Secretariat notify directors by email or letter prior to board meetings, or request accountants or attorneys to provide updates on new regulation to directors during meetings as necessary.
  - Director training: Every year, the Company invites professionals to provide updates on new regulations to directors by providing courses for directors or providing course information for the directors to advance their education in their own time. (The company held training in August and November, 2020, respectively.)



### 3.3.2 Operations of Audit committee

The Audit Committee held eleven committee meetings (A) from the most recent fiscal year up to March 20, 2021, with the attendance of independent directors shown below:

Title	Name	Attendances in person(B)	Attendances by proxy	Attendance rate in person (%) [B/A]	Note
Independent director	Yu-Cheng Chiao	8	3	73	
Independent director	Victor Wang	11	0	100	Convener
Independent director	Chin-Jen Sheng	10	1	91	
Independent director	Lynette Ling-Tai Chou	11	0	100	

Other required notes for audit committee meeting

**1. While carrying out its operations, the Audit Committee must report the meeting date, period, content of the motion, and results of the Audit Committee's resolutions.**

- (1) Matters specified in Article 14.5 of the Taiwan Securities and Exchange Act: Not applicable.
- (2) Except for the matters stated above, were there any resolutions rejected by the Audit Committee but approved by two thirds of directors: Not applicable.

**2. When an independent director recuses himself/herself due to conflicts of interest, the name of that independent director, the involved proposal(s), the cause(s) of the recusal, and the participation in voting of that director shall be specified: Not applicable.**

**3. Communications between independent directors and the internal audit manager and accountant (including communication of material items, methods of communication, and conclusion regarding the Company's financials and its business operations):**

- (1) The committee shall submit audit reports and follow up reports to the convener for further review at least once a month. Committee members shall also report to the convener regarding internal audit reports, improvements for deficiencies in internal controls, and the Company's financials and business operations, and then the convener shall give his/her comments on the reports.
- (2) The internal audit manager and accountant shall attend audit committee meetings to report to the committee regarding the audit methodology, scope of the audit, material audit adjustments, and their opinion on internal controls. The accountant shall also periodically present reports regarding their communications with the management to the independent directors. Other than communications in the meetings, the internal audit manager, the accountant, and the independent directors shall maintain a healthy relationship with one another and communicate with each other as necessary.
- (3) From 2020 to March 20, 2021, there were a total of five communications between the independent directors and internal auditors and CPAs (please refer to the table below), which were disclosed on the Company's website and MOPS.

Date of meeting	With internal audit manager		With independent accountants	
	Matters communicated	Resolution	Matters communicated	Resolution
March 20, 2020	1. Execution report and communications regarding the audit for Q4 2019. 2. 2019 Statement on the Internal Control System.	1. Noted. 2. After discussion, the statement was proposed to the Board of Directors for resolution.	1. The CPAs reported and communicated the audited financial statements of 2019 with directors. 2. Report on regulatory changes. 3. The CPAs communicated with the attendees and answered their questions.	Noted.
May 12, 2020	Execution report and communications regarding the audit for Q1 2020.	Noted.	1. Supplementary explanations regarding the audited financial reports of Q1, 2020 by the CPAs. 2. Report on regulatory changes. 3. The CPAs communicated with the attendees and answered their questions.	Noted.
August 11, 2020	Execution report and communications regarding the audit for Q2 2020.	Noted.	1. Supplementary explanations regarding the audited financial reports of Q2, 2020 by the CPAs. 2. Report on regulatory changes. 3. The CPAs communicated with the attendees and answered their questions.	Noted.
November 10, 2020	Execution report and Communications regarding the audit for Q3 2020.	Noted.	1. Supplementary explanations regarding the audited financial reports of Q3, 2020 by the CPAs. 2. Report on regulatory changes. 3. The CPAs communicated with the attendees and answered their questions.	Noted.
March 19, 2021	1. Execution report and Communications regarding the audit for Q4 2020. 2. Statement of the Internal Control System for 2020	1. Noted. 2. After discussion, the statement is proposed to the Board of Directors for resolution.	1. The audited financial reports of Q4, 2020 by the CPAs. 2. Report of regulatory changes. 3. The CPAs communicated with the attendees and answered their questions.	Noted.





3.3.3 Corporate conduct and ethics implementation as required by Financial Supervisory Commission

Evaluation items	Implementation status		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons	
	Yes	No		Summary description
1. Does the company establish and disclose the Corporate Governance Best Practice Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has established Governance Best Practice Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" issued by the Taiwan Stock Exchange (TWSE) and Taipei Stock Exchange (TPEX). The Company discloses its Governance Best Practice Principles on its website for the reference of shareholders. In addition, the Company has established an effective corporate governance framework, protected the rights and interests of shareholders, strengthened the Board of Directors' competencies, respected the rights and interests of stakeholders, and enhanced information transparency.	None
2. Equity structure and shareholders' equity				
(1) Does the Company have internal operation procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If so, have these procedures been implemented accordingly?	✓		(1) The Company has designated personnel to handle investor relation matters. The spokesperson and deputy spokesperson are in charge of accepting suggestions, questions and handling disputes. The spokesperson will ask other departments to provide suggestions and handle disputes if related to said departments. There was no reported litigation with shareholders.	None
(2) Does the Company possess a list of its major shareholders as well as the ultimate owners of these shares?	✓		(2) The Company has a Board Secretariat and Share Agents who track the shareholding status of directors, managers, and major shareholders holding 10% or more of the Company's shares.	None
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		(3) The Company and its affiliates maintain financial independence from each other. Each company's transactions and credit limits with banks are all independent from each other. Accounts payables and accounts receivables between the Company and its affiliates are also collected and paid as scheduled.	None
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		(4)The Company has rules on "Material Information Handling SOP", and "Codes of Ethical Management", which apply to directors, managers, and employees. To prevent insider trading, all employees have to abide by and execute the confidentiality SOP for internal information, are required to recuse themselves from all conflicts of interest, and are prohibited from utilizing or leaking undisclosed information to third parties. The company also conducts internal training and promotes the regulations on a regular basis.	None
3. Composition and responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		(1) The number of seats in the Board of Directors is determined by the scale of the Company's operations and the shareholdings of major shareholders, operational needs, legal requirements, and the articles of incorporation. The Board of Directors emphasizes composition diversity, with members equipped with relevant knowledge, skills, and industry backgrounds. Many directors had the experience of being the Chairman or directors of other listed companies. Based on directors' knowledgeability, personal insight and commercial judgment, they will provide various contributions to the company's operating strategy.  In order to achieve ideal corporate governance, the Board of Directors need to be equipped with the following skillsets:	None

Evaluation items	Implementation status		Summary description	Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No		
3. Composition and responsibilities of the Board of Directors	✓		1 Operational judgment. 2 Accounting and financial analysis. 3 Operation management. 4 Crisis management. 5 Industry knowledge. 6 International outlook. 7 Leadership. 8 Decision-making ability. Please refer to Note 1 regarding the implementation of the diversification of board members.	None
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		(2) To promote sustainable organizational development, ethical management, and the implementation of CSR matters, the "Corporate Sustainable Development Committee" was established in the 22 <sup>nd</sup> meeting of the 22 <sup>nd</sup> round of the Board of Directors. The Committee reports on the status of promoting sustainable development in monthly meetings or emergency meetings as needed. To ensure the Company has sound risk assessment procedures and to strengthen the management function, the Company established a risk management team on March 19, 2020. On May 12, 2020, it was elevated to become the Committee of Risk Management. As of January 2021, there had been a total of two meetings of the Committee and the motions were reported to the Board of Directors.	None
(2) Other than the Compensation Committee and Audit Committee which are required by the law, does the Company plan to set up any other Board committees?	✓		(3) The Company established "Guidelines of Assessment for the Board of Directors' Performance" in the 21 <sup>st</sup> meeting of the 22 <sup>nd</sup> round of the Board of Directors, and has since conducted annual assessments of the BOD. The assessment is conducted by the functional committees along with self-assessment by the BOD, and submitted and reported to board meetings. 2020 assessments of the BOD of the Company has been completed on January 31, 2021 and has been submitted in the 24 <sup>th</sup> meeting of the 23 <sup>rd</sup> round of the Board of Directors for the review and the Company follows the article 3-2 of Company's "Regulation of performance evaluation of the Board of Directors." The implementation of the performance evaluation of the Board of Directors shall be evaluated by external independent professional institutes or external experts at least every three years. The evaluation result shall be finished by the end of the first quarter of the following year. KPMG Advisory Services Co. Ltd. was engaged to conduct the performance evaluation of the Board of Directors in 2020. Based on the evaluation report submitted by KPMG Advisory Services Co. Ltd. on February 26, 2021, the overall results are outstanding. The evaluation results have been disclosed on the Company's website. Five major aspects are included in the assessment of the BOD (by the functional committees): 1 Degree of participation in the Company's operations. 2 Enhancement of the quality of the BOD's decision-making. 3 Composition and structure of the BOD. 4 Election and continuing education of directors. 5 Internal controls. The assessment outcome of the BOD's performance for 2020 are as follows: I. The average score for the BOD's self-assessment was 4.9 points (out of a total of 5 points). II. The average score for the self-assessment conducted by BOD members was 4.9 points (out of total of 5 points). The board meeting has agreed and confirmed the assessment of the BOD's performance. The self-assessment will be referenced when evaluating the remuneration of individual directors and the nomination and re-election of directors in the following year.	None
(3) Has the Company established a methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of the performance to the Board of Directors, and used the results as reference for directors' remuneration and renewal?	✓			None



Evaluation items	Implementation status			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary description	
(4) Does the company regularly evaluate its external auditors’ independence?	✓		(4) 1. The Audit Committee annually assesses the independence of the external auditors and reports the results to the Board of Directors. 2. None of the CPA firms or external auditors engaged by the Company have any conflict of interest and maintained strict independence. The Audit Committee discusses the audit results and assesses the external auditors’ independence and their qualifications in the first quarter of every year. The Audit Committee then reports to the BOD for further discussions. On March 19, 2021, the BOD and Audit Committee completed the assessment of the external auditor’s independence. (Note 2).	None
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors’ compliance of law, handling matters related to board meetings and shareholders’ meetings according to law, and recording minutes of board meetings and shareholders’ meetings)?	✓		On March 22, 2019, the BOD recruited a new Head of Corporate Governance, and designated one corporate governance member to be in charge of communicating with the Board Secretariat or providing directors with operational information, as well as various affairs related to the shareholders meetings and shareholder services.  The responsibilities include the following:  (1) Implement legal compliance and execute internal audits and internal controls. Plan suitable corporate regulations and frameworks to facilitate BOD independence and organizational transparency.  (2) Providing directors with information required for business operations.  (3) Drafting and establishing an agenda before a BOD meeting and distributing it to all directors seven days before the meeting for them to understand the contents of any proposals. Directors should be reminded of any proposals having potential conflicts of interest for them.  (4) Registering the AGM date and producing and reporting the board meeting notice, annual report, AGM handbook, and AGM minutes by law by set deadlines, and reporting to the relevant competent authorities after amending the articles of incorporation or re-electing directors.  (5) Registering any company changes.  (6) Assisting shareholders in handling problems relating to share affairs.  The Company has reported the status of the annual corporate governance as of March 19, 2021.	None
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders’ questions on corporate responsibilities?	✓		(1) The Company values and balances the rights and obligations with stakeholders (including shareholders, employees, clients, up-and down- stream vendors, banks, and creditors, among other parties). Other than maintaining good communications with each stakeholder, the Company has also set up a “Stakeholder” page” on its website and provided a contact email address for communication with stakeholders.  (2) The Company also has a “Corporate Governance” page on its website, which provides regulations regarding corporate governance for shareholders.	None

Evaluation items	Implementation status			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary description	
6. Has the Company appointed a professional registrar for its Shareholders’ Meetings?	✓		The Company has appointed CTBC Bank’s Transfer Agency Department to handle related share affairs.	None
7. Information disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?  (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		(1)The Company’s website (www.taiwancement.com), has both Chinese and English versions of the “Investor” Page, which discloses the latest updates, financial information, and information regarding shareholder meetings. These are regularly updated. The MOPS also discloses relevant information on its website.  (2) The Company has designated a spokesperson and deputy spokesperson in accordance with regulations. The Company has also appointed staff to declare and disclose various types of financial information, business information, and the Company’s website to the MOPS. The appointed staff also post videos of investor conferences on the Company’s website.	None  None
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		✓	(3) The Company publishes and discloses its financial report and the monthly operations report according to regulations on the MOPS.	None



Evaluation items	Implementation status		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓		<p>(1) The Company has established various employee benefits (e.g. allowances, group insurance, etc).</p> <p>(2) The Company provides training for employees to meet work criteria and improve performance.</p> <p>(3) The Company regularly holds meetings between labor and management to promote and maintain a harmonious relationship between the two sides. The Company has also clearly defined working conditions to protect the rights and interests of its employees.</p> <p>(4) The Company has established a method to accrue for performance bonuses and distribution of such bonuses to employees.</p> <p>(5) The Company has established regulations based on the Act of Gender Equality in Employment to protect the rights and interests of employees.</p> <p>(6) The Company discloses all required information on MOPS and its website to protect the rights and interests of investors.</p> <p>(7) The Company's directors received further education in accordance with the "Directions for the Implementation of Continuing Education for Directors and supervisors of TWSE Listed and TPEX Listed Companies." Please refer to Note for the training courses taken by directors and independent directors.</p> <p>(8) The Company's directors are kept up to date with regard to the latest regulations.</p> <p>(9) The Company's management team regularly reports to the BOD regarding the Company's operations and financial standing.</p> <p>(10) The Company has established various internal rules and regulations and performs risk management and assessment.</p> <p>(11) The Company has purchased liability insurance for directors and managers to lower and disperse the risk of potential damages caused by directors violating any laws to the Company and shareholders.</p> <p>(12) The Company has signed contracts or purchase orders with affiliates specifying the rights and obligations of each party. Transaction prices are set at the market rate; if no market price is available, then the prices are set fairly.</p>

9. The improvement status regarding the results of the Corporate Governance Evaluation announced by Taiwan Stock Exchange. The improved items of the 7<sup>th</sup> Corporate Governance Evaluation System are shown below:

The import items of the 7<sup>th</sup> corporate Governance Evaluation System:

Item No.	Item	Amendments
1.6	Does the Company convene the annual shareholders meeting before the end of May?	The Company will conduct an internal assessment of the aforementioned matters.
2.9	Does the Company propose a succession plan for its Board members and senior management, and disclose its implementation in the corporate website and annual report?	The Company has formulated internal regulations which are disclosed on its website.
2.14	Has the Company set up a functional committee other than that required by law, consisting of no less than three members, of which the independent directors make up more than 50% of the total members, and disclose the composition, duties, and operation of the functional committee?	The Company has already established a risk management team, and plans to set up a Risk Management Committee in the future.
3.4	Does the Company disclose the annual report within two months of the end of each fiscal year?	The Company will conduct internal assessments and discuss its audit plan with the accounting firm.
3.8	Does the Company voluntarily disclose the financial forecast for all quarters and related operations that have not yet been ordered by the competent authority to take corrective actions, nor have any demerits imposed by the TWSE or TPEX?	The Company will conduct an internal assessment of the aforementioned matters.

The priority measurements for unimproved items of the 7<sup>th</sup> Corporate Governance Evaluation System:

Item No.	Item	Amendments
4.14	Has the Company's official website or annual report disclosed stakeholder identification, concerned issues, communication channels, and response measures?	The Company will add more stakeholder information on its website and in its annual report.



Note1: Core capabilities of directors

Title	Director	Nationality	Gender	Seniority as a director of the Company
Chairman	An-Ping Chang	ROC	Male	27 years
Director	Jong-Peir Li	ROC	Male	3 years
Director	Kung-Yi Koo	ROC	Male	4 years
Director	Jason Kang-Lung Chang	ROC	Male	9 years (including service as a supervisor)
Director	Eric T. Wu	ROC	Male	15 years
Director	Chi-Wen Chang	ROC	Male	5 years
Director	Nan-Chou Lin	ROC	Male	15 years
Director	Kenneth C.M. Lo	ROC	Male	9 years
Director	Tzun-Yen Yu	ROC	Male	15 years
Director	Chi-Te Chen	ROC	Male	36 years
Director	Por-Yuan Wang	ROC	Male	12 years
Director	Chi-Chia Hsieh	ROC	Male	18 years
Director	Chien Wen	ROC	Male	3 years
Director	Chun-Ying Liu	ROC	Female	3 years
Director	Chih-Chung Tsai	ROC	Male	3 years
Independent Director	Yu-Cheng Chiao	ROC	Male	9 years
Independent Director	Victor Wang	ROC	Male	8 years
Independent Director	Chin-Jen Sheng	ROC	Male	3 years
Independent Director	Lynette Ling-Tai Chou	ROC	Female	3 years

Industry experience										
Financial	Legal affairs	Commerce	Technology	Banking	Investment and M&A	Information	Risk management	Operation management	Instructor	Cement industry
✓		✓		✓	✓	✓	✓	✓	✓	✓
✓		✓		✓	✓	✓	✓	✓		✓
✓		✓		✓	✓		✓	✓		✓
✓		✓			✓		✓	✓		✓
✓	✓	✓	✓	✓	✓		✓	✓		
✓		✓			✓		✓	✓	✓	
✓		✓			✓		✓	✓		
✓		✓		✓	✓		✓	✓		
✓		✓			✓		✓	✓		✓
✓		✓	✓	✓	✓	✓	✓	✓		
✓		✓			✓		✓	✓		
✓	✓									
✓		✓		✓			✓	✓		
✓		✓	✓		✓	✓	✓	✓		
✓		✓			✓		✓	✓	✓	
✓		✓					✓		✓	





**Note 2: Assessment of external auditor's independence**

Indicator	Outcome of Assessment result	Whether qualified as independent or not
1. Does the external auditor have a material financial interest directly or indirectly to the Company?	No	Yes
2. Is the external auditor involved in any financing or guarantee position with the Company or any of its directors?	No	Yes
3. Does the external auditor have a close business relationship or is potentially employed by the Company?	No	Yes
4. Is the external auditor or any member of the audit team also a director, manager, or other position with influence to the audit procedure during the period of audit?	No	Yes
5. Does the external auditor also provide any non-audit services that can affect the audit procedure for the Company?	No	Yes
6. Is the external auditor a broker for the shares or other securities issued by the Company?	No	Yes
7. Does the external auditor also act as the defender for the Company or help the Company mediate conflicts with third parties?	No	Yes
8. Is the external auditor related to the directors, managers, or anyone who has an influence on the audit procedure?	No	Yes
9. Do the auditor and audit team receive presents of unusual amounts from the Company's directors and managers?	No	Yes
10. Does the Company receive the auditor's independence declaration?	No	Yes

**Note 3: The following table highlights the courses taken by directors and independent directors:**

Title	Name	Organizer	Course	Date	Length	Compliance with requirements
Chairman	An-Ping Chang	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3	Yes
			Climate change and TCFD		3	Yes
		AML Consulting & International Law Firm	Training courses on money laundering for supervisors	November 16, 2020	3	Yes

Title	Name	Organizer	Course	Date	Length	Compliance with requirements
Director	Jong-Peir Li	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3	Yes
			Climate change and TCFD		3	Yes
		AML Consulting & International Law Firm	Training course of money laundering for supervisor	November 16, 2020	3	Yes
Director	Kung-Yi Koo	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3	Yes
			Climate change and TCFD		3	Yes
Director	Kenneth C.M. Lo	Chinese National Association of Industry and Commerce, Taiwan	From digital tax and future global tax trends to the governance of corporate tax	March 17, 2020	3	Yes
			Notice for Board of Directors and shareholders' meeting in 2020	March 26, 2020	3	Yes
Director	Por-Yuan Wang	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3	Yes
			Climate change and TCFD		3	Yes
Director	Eric T. Wu	Corporation Operation Association	Law, risks and duties that directors, independent director and insiders must know under corporate governance	July 20, 2020	3	Yes
			The offensive of unwilling acquisitions and courses for corporate chairmen	August 11, 2020	3	Yes
Director	Tzun-Yen Yu	Taiwan Corporate Governance Association	The analysis of financial positions in pressure circumstances — a case study of the U.S.-China trade war and COVID-19	May 6, 2020	3	Yes
		Securities & Futures Institute	The key technology and business opportunities of 5G	August 5, 2020	3	Yes
Director	Jason Kang-Lung Chang	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3	Yes
			Climate change and TCFD		3	Yes
Director	Nan-Chou Lin	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3	Yes
			Climate change and TCFD		3	Yes
Director	Chi-Wen Chang	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3	Yes
			Climate change and TCFD		3	Yes



Title	Name	Organizer	Course	Date	Length	Compliance with requirements
Director	Chi-Chia Hsieh	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3	Yes
		Corporation Operation Association	Case study of competition for management rights		3	Yes
		Taiwan Corporate Governance Association	Climate change and TCFD		3	Yes
		Corporation Operation Association	How to effectively improve corporate governance to stabilize management rights	October ,29 2020	3	Yes
Director	Chi-Te Chen	Taiwan Corporate Governance Association	Planning for shareholders' meeting and case study	March 6, 2020	3	Yes
			Introduction to corporate governance and compliance with related laws	August 14, 2020	3	Yes
Director	Chien Wen	Taiwan Corporate Governance Association	Case study of corporate governance – corporate culture and shareholders'	September 11, 2020	3	Yes
			How audit committees audit financial reports	October 30, 2020	3	Yes
Director	Chun-Ying Liu	Taiwan Independence Director Association, Taiwan	The impact on Taiwan's enterprises and case analysis under Taiwan's Fair Trade Act and antitrust laws	September 23, 2020	3	Yes
		Taiwan Corporate Governance Association	Prevention of insider trading	December 24, 2020	3	Yes
Director	Chih-Chung Tsai	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3	Yes
			Climate change and TCFD		3	Yes
Independent director	Yu-Cheng Chiao	Taiwan Corporate Governance Association	Technology of augmented reality and smart manufacturing; Experience sharing of SAS Group's growth through M&A	April 23, 2020	3	Yes
			Digital reality in post-epidemic era; New development trends in AIoT and its application in smart manufacturing	August 6, 2020	3	Yes
			Evolution of artificial intelligence: Evolutionary computation; The leadership of multi-generation		3	Yes
			How to find answers in chaos? The current situation of international and Taiwan-China affairs	December 17, 2020	3	Yes
			IoT, Big Data and Artificial Intelligence; Duties of management		3	Yes

Title	Name	Organizer	Course	Date	Length	Compliance with requirements
Independent director	Victor Wang	Taiwan Corporate Governance Association	How to fully execute a director's function to implement corporate governance	August 11, 2020	3	Yes
			Ten classes on corporate governance		3	Yes
Independent director	Chin-Jen Sheng	Taiwan Corporate Governance Association	Trends in CSR and sustainable governance	October 28, 2020	3	Yes
			The key technology and business opportunities of 5G		3	Yes
Independent director	Lynette Ling-Tai Chou	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3	Yes
			Climate change and TCFD		3	Yes



### 3.3.4 Operations of Compensation Committee

The Company established a Compensation Committee, in accordance with the “Articles of Organization of Salary” and the “Compensation Committee Charter,” which was approved on 30 August 2011 at the 18<sup>th</sup> meeting of the 20<sup>th</sup> round of Board of Directors. It sets the Company’s remuneration policy, evaluates the performance of directors, independent directors, managers, and assesses remuneration policy, standards and structure. As of March 20, 2021, the Compensation Committee had held six meetings and submitted relevant resolutions to the Board of Directors for their further review.

#### (1) Composition of Compensation Committee

Title	Qualifications	Meet the following professional qualification requirements, together with at least five years’ work experience		
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company
Name				
Independent director	Yu-Cheng Chiao			✓
Independent director	Victor Wang	✓	✓	✓
Independent director	Chin-Jen Sheng	✓		✓
Independent director	Lynette Ling-Tai Chou	✓	✓	✓

Note 1: Check “✓” the qualifications appropriate to each director and supervisor who meet such qualifications two years before assumption of office or at the time of assumption.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates (except for independent directors appointed in accordance with the Company Act or the laws and regulations of the local country by, and concurrently serving at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top ten holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3).
- (5) Not a director who do directly holds more than 5% of the total issued shares of the company, hold the top five shares, or appoint representatives to act as directors or supervisors of the company’s corporate shareholders in accordance with Article 27, Paragraph 1 or 2 of the Company Act, Supervisor or servant (but if the company and its parent company, subsidiary or subsidiary of the same parent company are independent directors established by this law or local state laws and regulations, they are not restricted by this).

Criteria (Note 1)										Number of other public companies where concurrently serving as an independent director	Note
1	2	3	4	5	6	7	8	9	10		
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Qualifications met
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	Qualifications met
✓	✓	✓	✓	✓	✓	-	✓	✓	✓	0	Qualifications met
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Qualifications met

- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company(except for independent directors appointed in accordance with the Company Act or the laws and regulations of the local country).
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company’s chairman or CEO (or equivalent)(except for independent directors appointed in accordance with the Company Act or the laws and regulations of the local country).
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company (except for a specified company or institution holding 20 percent or more and no more than 50 percent of the total number of issued shares of the company, or independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an “audit service” or a “non-audit service with total compensation exceeding NT\$500,000 in the past two years. This restriction does not apply to a member of the Compensation Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not been a person of any of the conditions defined in Article 30 of the Company Act.



**(2) Status of Compensation Committee meetings**

1. TCC's Compensation Committee has four members.
2. The current term of the Compensation Committee members is from June 22, 2018 to June 21, 2021.

The Compensation Committee held six meetings (A) in the most recent fiscal year up to March 20, 2021, and the qualifications and attendance record of members are as follows:

Title	Name	Actual attendances (B)	Attendances by proxy	Rate of actual attending (%) [B/A]	Note
Convener	Yu-Cheng Chiao	5	1	83%	
Committee member	Victor Wang	5	1	83%	
Committee member	Chin-Jen Sheng	6	0	100%	
Committee member	Lynette Ling-Tai Chou	6	0	100%	

Other required notes for the Compensation Committee:

- When the BOD rejects or modifies the recommendations made by the Compensation Committee, please state the date and session of board meeting, the proposal, BOD resolutions, and settlement on the opinions of Compensation Committee members (if the salary and compensation approved by BOD are superior to that recommended by the Compensation Committee, please specify the differences and causes): Not applicable.
- When there are objections or qualified opinions for the records or with written statements of Compensation Committee members to committee resolutions, state the date and session of the Committee meeting, the proposal, and the settlement of the opinions for and against the resolution: Not applicable.
- Operations of Compensation Committee in recent year:
  - Submission of proposal of amendments of the Company's "Regulations Governing Transfer of Repurchased Shares to Employees" on January 7, 2020.
  - Submission of proposal of reward distribution for employees and directors of the Company for 2019 on March 20, 2020.
  - Submission of proposal of adjustment of salary account of the Company on August 11, 2020.
  - Submission of proposal of raise of salary of employees of the Company for 2021 on December 15, 2020.
  - Submission of proposal of amendments of the Company's "Regulations Governing Transfer of Repurchased Shares to Employees" on January 28, 2021.
  - Submission of proposal of reward distribution for employees and directors of the Company for 2020 on March 19, 2021.

All the proposals above have been unanimously approved by all members of Compensation Committee attending the meeting with no objections and have been submitted to BOD meeting and unanimously approved by all directors attending the meeting with no objections.

**3.3.5 Status of CSR practices and compliance and any discrepancies:**

Assessment items	Implementation status		Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	
I. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies based on the principle of materiality?	✓		1. Corporate governance: (1) The "Corporate Social Responsibility Best Practice Principles" state that when thriving for sustainable operations and profits, the Company should consider the environment, societal views, and corporate governance as part of its operations and management. As the first listed company in Taiwan and the leading brand in the cement industry, the Company's long-term development and performance has a significant influence on shareholders and the investment market. The Company remains committed to stable and sustainable growth.  None

Assessment items	Implementation status		Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	
I. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies based on the principle of materiality?	✓		<p>(2) On March 30, 2020, the Company's BOD approved the establishment of a risk management team to ensure sound risk assessments and strengthen the management function. On May 12, 2020, it was elevated to become a Risk Management Committee. As of January 2021, it had held a total of two meetings and the motions were reported to the Board of Directors.</p> <p>2. Environmental issues: Being aware of the exhaustion of natural resources, the Company pays close attention to the materials used in our products and during the production process. The Company is actively engaged in finding solutions, such as the incorporation of an environmental management system in the production process, as part of efforts to establish green management concepts throughout our operations. The Company seeks to reduce environmental pollution, provide welfare and benefits, clean up ecosystems, improve the environment, and create a happy workplace.</p> <p>3. Labor-management relations: The Company's main product is cement. Safety management is valued in the cement industry. To ensure the safety of employees, the Company has adopted relevant management systems and raised the safety awareness of its employees and contractors to prevent the occurrence of occupational injuries.</p> <p>Furthermore, the Company pays close attention to the career development of its employees by regularly holding work-related courses. The Company offers various incentives, such as dividends and performance bonuses, to retain employees over the long-term.</p> <p>4. Anti-corruption: The Company strictly upholds all relevant laws and regulations and has drafted a "Code of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles." With zero tolerance on violations of the code of conduct, the Company engages in all activities with integrity, fairness, and reason. The Company has also established channels for complaints and reports, and encourages its employees to report any actions that violate the Company's code of ethical conduct.</p> <p>5. Customer relationship: The Company strives to provide satisfactory products and services to its customers. The Company places itself in the customers' shoes and offers customized products and services by visiting customers' sites to provide cement applications, adjust ready-mix proportions, and help resolve construction problems. The customer service team conducts monthly visits to client sites, actively reaches out to clients regarding their recent cement usage, engages in technical exchanges, and has established a "Customer Service Travel Plans and Tracker" to maintain a strong long-term relationship with and to help create added-value for customers.</p> <p>6. Social economic regulations: All of the Company's departments regularly monitor the latest regulations and strictly adhere to regulations in their operations.</p> <p>None</p>





Assessment items	Implementation status		Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	
<p>II. Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p>	✓		<p>In 2018, the Board of Directors passed a resolution establishing a non-statutory Corporate Sustainable Development Committee, which is headed by the Chairman of the Board, as well as five sub-committees covering "Trustworthy Governance and Risk Management", "Manufacturing Cycle", "Sustainable Environment and Products", "Employee Consideration", and "Social Concern". The Committee is under the General Manager's office and is responsible for reporting the implementations status to the Chairman. In 2020, the Committee made quarterly reports to the Board of Directors regarding the status of the implementation of its corporate social responsibility guidelines.</p> <p style="text-align: center;">None</p>
<p>III. Environmental issues</p> <p>1. Does the Company establish proper environment management systems based on the characteristics of its industries?</p>	✓		<p>1. (1) Management-level implementation: the Company has established ISO 14001 and ISO 50001 environmental and energy management systems. These enable the Company to pursue better environmental and energy use performance by employing environment management programs and energy baseline surveys, make improvements in projects, and establish management systems that help to strengthen the Company's environmental and energy management.</p> <p>(2) The Company has examined its greenhouse gas emissions since 2007, and received ISO 14064 Greenhouse Gas Verification Certification from SGS Taiwan.</p> <p>(3) Starting from Q2 2019, the Company encourages its cement plants to reduce their carbon emission intensity per unit based on a policy that includes carbon emission intensity in the calculation of quarterly bonuses.</p> <p>(4) The Company adopted BS8001 Circular Economy Assessment Verification in 2018, and has achieved the "optimized" grade awarded by SGS Taiwan in December, 2020.</p> <p style="text-align: center;">None</p>
<p>2. Does the Company utilize all resources efficiently and use renewable materials that have low impact on the environment?</p>	✓		<p>2. (1) The Company actively researches ways to reuse waste and resources to replace natural resources and raw materials with the aim of reducing the unit energy consumption of its cement products as well as the Company's greenhouse gas emissions.</p> <p>(2) Guigang TCC Dong Yuan Environmental Technology Company Limited uses its cement kiln for solid waste treatment (330,000 tons per year). The Phase 1 project (200,000 tons per year for hazardous waste treatment) started operations on April 1, 2020.</p> <p>(3) TCC's Suao plant of TCC was recognised as a "2020 meritorious company for voluntarily reducing greenhouse gas emissions" on November 18, 2020.</p> <p style="text-align: center;">None</p>

Assessment items	Implementation status		Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	
<p>3. Does the Company evaluate the potential risks and opportunities under climate change and take measures in response to the climate issues?</p>	✓		<p>3. (1) In line with the government's energy and circular economy policies, the Company proposed in 2016 a green value chain supply chain, participates in research such as carbon capture, utilization, and storage (CCUS), creates opportunities to combat climate change, and also participates in various government projects related to the reuse of resources and renewable energy.</p> <p>(2) In July 2020, the SBTi announced that TCC has accomplished setting its goal: "Using 2016 as the base year, TCC promises to lower greenhouse gas emissions by 11% (including Scope 1 by 11% and Scope 2 by 32%) by 2025." The Company is one of four cement companies that has set a carbon emission reduction goal, and is the first cement company in East Asia to do so.</p> <p>(3) In September, 2020, TCC joined the Global Cement and Concrete Association (GCCA), which was established by the World Business Council for Sustainable Development (WBCSD). As a GCCA member, TCC and 40 other cement enterprises signed up to a net zero "climate ambition" that aims to achieve carbon neutral concrete by 2050. This joint collaboration demonstrates the commitment of the global cement and concrete industry to reduce its carbon footprint.</p> <p style="text-align: center;">None</p>
<p>4. Does the Company record greenhouse gas emissions, water consumption, and weight of waste over the last two years and establish policies for energy conservation, carbon and greenhouse gas reduction, water-saving and waste management?</p>	✓		<p>4. (1) The Company has employed a system-based management approach to reduce energy consumption per unit product. In addition, the Company has continued to replace the use of raw materials and fuel with recycled waste and resources in the product development stage. This not only increases resource efficiency but also decreases carbon emissions, which decreases the risk of resource shortages caused by climate change. The Company achieved a waste and resource reuse rate per unit cement of 23.05% in 2020, up from 19.07% in 2019.</p> <p>(2) With the establishment of a circular economy as a strategic objective, TCC seeks to create sustainable business value through the establishment of a cross-industry circular economy chain. The adoption of ISO 14001, ISO 50001, ISO 14064, ISO14046, and BS8001 has enhanced the Company's management performance in processing its energy, water, wastewater, and waste. Adopting more stringent standards than international environmental protection regulations, TCC strives to incorporate environmental protection policies in its management philosophy by improving energy conservation, environmental protection, and production processes, in order to reduce its environmental impact.</p> <p style="text-align: center;">None</p>



Assessment items	Implementation status		Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	
IV. Social issues			
1. Does the Company make relevant management policies and processes according to the International Bill of Human Rights?	✓		None
2. Has the Company set reasonable employee benefits (including remuneration, vacation days, and other benefits), and reflect business performance or achievements in the employee remuneration policy?	✓		None
3. Does the Company provide a safe and healthy work environment to the employees and provide health and safety training for the employees on a regular basis?	✓		None
4. Does the Company help establish training programs to help further their employees' career?	✓		None

Assessment items	Implementation status		Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	
5. Does the Company follow relevant regulations and international guidelines for customer health and safety, customer privacy, marketing, and product labels for their products and services?	✓		None
6. Does the Company set policies for their suppliers to ensure suppliers follow environmental, occupational safety and health, and labor rights regulations? If so, what is the implementation status?	✓		None



Assessment items	Implementation status		Discrepancies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	
V. Does the Company adopt internationally recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy? Did the Company obtain a third-party assurance or verification to ensure the reliability of the information in their CSR reports?	✓		None

VI. If the Company has established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: None.

In order to promote corporate sustainability, business integrity, improvement in society, environment, and economic and fulfillment of its social responsibilities, the Company implemented “Corporate Social Responsibility Best Practice Principles” in accordance with the requirements of the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.

TCC’s corporate social responsibility best practice principles are provided at the link below:  
<https://www.taiwancement.com/tw/report/rule/%E4%BC%81%E6%A5%AD%E7%A4%BE%E6%9C%83%E8%B2%AC%E4%BB%BB%E5%AF%A6%E5%8B%99%E5%AE%88%E5%89%87.pdf>

VII. Other important information to facilitate a better understanding of the company’s corporate social responsibility practices:

(1) Safety and health

The Company has achieved the Occupational Health and Safety Management System (OHSAS 18001) and Taiwan Occupational Health and Safety Systems (TOHSMS) certifications. It provides a safe and healthy operating environment, and first-aid kits are made available at operating plants. The Company continues to provide its employees with work-related health and safety knowledge, such as new employee education and training, transportation safety awareness, CNS15506 and OHSAS18001 training, work supervision training, general hazard education, refresher courses for personnel who hold professional health and safety licenses, annual maintenance safety training, and fire and emergency response equipment training. The Company seeks to enhance safety awareness by providing high quality training. The Company emphasizes the continuous improvement of its health and safety management system to reduce health and safety hazard factors, the prevention of accidents, and promotion of employee health and safety.

(2) Environmental protection

1. The environment, energy and cement are the core businesses of TCC, which focuses on achieving zero waste, zero pollution, and zero emissions. In line with this policy, TCC integrates the concept of sustainability management when formulating energy conservation, environmental protection, and production management plans. The Company has implemented and obtained international certifications including ISO 140001, ISO 50001, ISO 14064, ISO 14046, and BS 8001. These certifications have helped improve the quality of our products and the effectiveness of our energy, water, wastewater, and waste management performance. In addition, TCC requires our suppliers and contractors to implement sustainability practices in their production, manufacturing, and logistical processes and try to reduce their impact on the environment. Together, we create sustainable values throughout the supply chain.

2. The three-in-one Ho-Ping electricity factories formed the first circular economy zone in Asia. In 1997, in line with the policy of transferring industry to eastern Taiwan, TCC designed the Ho-Ping cement district on a circular economy basis, which connects to the local port, and the Ho-Ping electricity factory and cement factory. Different industrial materials, fuel and waste can be used in complementary ways in these three sites. The cement products are delivered by sea, which is a low-carbon approach. Cross-industry circular economy zones optimize the usage of resources with no waste and low-carbon, which is the only eco factory with no ash pond. As a beneficial result, fireflies may be seen flying around the cement factory on summer nights.

3. Mining is one of TCC’s core businesses. The company adopts an eco-friendly approach to mining, mine reclamation and development of plant conservation. The Company’s mine reclamation differs from others. Instead of pursuing green area ratios and the number of saplings planted, the Company plans and considers the balance of ecology and reconstruction in a long-term manner, and implements mine-greening management, which helps to progressively restore the original ecology. The Dr. Cecilia Koo Botanic Conservation Center and TCC work together to investigate the native species in the area and restore the local limestone ecosystem.

In 2007, the Dr. Cecilia Koo Botanic Conservation Center was established with the full support of Mr. Cheng-yun Koo and Ms. Yen Cho-yun Koo. Its mission is to conserve tropical and subtropical plants and maintain a rich biodiversity. TCC has provided funding and manpower since the Center’s foundation, which aims to become a worldwide repository for tropical plants through research, international academic exchanges and participation in the global conservation of tropical plants. In 2019, the Center received Level 1 accreditation from ArbNet, making TCC the first company to receive such an accreditation in Taiwan. The Center initially collected Orchidaceae, Bromeliaceae, Musaceae, Palmae, Camellia, Zingiberaceae, Araceae, heliconiaceae, Marantaceae, Asclepiadaceae, Gesneriaceae and Pteridophyta, and has since collected more species like Rutaceae, Begoniaceae, Bambusoideae, hydrophyte, insectivorous plants, succulent and bryophytes, etc. As of April, 1, 2020, the Center had collected 33,653 taxa, with a target of 40,000 specimens for its living collection by 2027.

4. TCC’s DAKA ecology recycle factory started in 2020, and it has so far attracted over 2.7 million visitors and become a top tourist attraction in Hualien.

Advocating the concept of “Know Waste, No Waste”, DAKA is dedicated to achieving the ultimate goal of reducing waste and saving resources as much as possible by using the GEMMA system. This program covers six different recycling categories including PET bottles, daily trash, industrial waste, used batteries, kitchen waste, and marine debris.

5. TCC follows the government’s policy on green eco-ports, which has four aspects, including travel transport, freight transport, port environment and city/community development. The Company seeks to transform the Ho-Ping Port into an eco-port, based on the four aspects, with the goal of not only improving the environment around the port, development of travel transport and living quality, but also enhancing efficiency, reducing pollution and raising the port’s profile identity to achieve a circular economy.

In 2019, Ho-Ping Port obtained certification from ECO Sustainable Logistic Chain (ECOSLC), shared related ecological with the renowned ports of Amsterdam, London, Stockholm and Oslo, and created an important port with eco-awareness.

(3) Consumers’ rights and interests

To protect the rights of customers, the Company regularly updates its product’s “Safety Data Sheets” (SDS), which highlight the latest product safety characteristics and waste processing methods. Also, in compliance with government policies and current needs, the Company has updated the contents of its product markings to prevent customers and consumers from misusing its products, and also provided safety and environmental-friendly product information.

(4) Human rights

With regards to workplace safety and employee health and sanitary management, the Company holds regular employee health and safety training, simulation exercises for standard operating procedures, and provides management training related to work environments, equipment, and hazardous substances to ensure employee health and safety.

(5) Community participation, social contributions, community service, and social welfare

1. TCC ecology recycle factory DAKA was the first operational cement factory to open to the general public. It makes a significant contribution to the local community’s development in Hualien, such as support for Ho-Ping elementary school’s education fund.

2. TCC school program. Noticing that children from rural areas were suffering from limited educational resources and severe nutritional deficiency, TCC established the “Shi Min School Program” in 2012 to cooperate with schools located near our cement factories in Taiwan and China. The program provides educational resources and support to the local communities, such as after-school programs, free lunches and special transportation for children, which help to improve the local educational environment and community development. It also provides scholarships to help students financially and encourages young people to better develop themselves.

3. TCC participates in various community development and charity projects. Tackling the issue of homelessness is of particular concern to TCC. Following the second goal (zero hunger) of the UN’s Sustainable Development Goals initiative, in addition to donating meal tickets, TCC encourages employees, enterprises and suppliers to donate food to charities on a regular basis to assist homeless people, low-income families and underprivileged groups which are not supported by social welfare organizations.

The Company has established sections for corporate social responsibility and environment, social and governance (ESG) on its website. These provide clear and timely information on TCC’s achievements, performances and future plans on sustainable issues.

ESG section (Chinese) : <https://www.taiwancement.com/tw/esgIndex.html>

ESG section (English) : <https://www.taiwancement.com/en/esgIndex.html>

TCC also uses various social media to highlight its various sustainable development activities, as below:







3.3.6 Status of ethical management practices and compliance and discrepancies:

Assessment items	Implementation status		Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>1. Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p>	✓		None
<p>2. Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p>	✓		None
<p>3. Does the Company provide clear operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?</p>	✓		None
<p>II. Ethic management practices</p> <p>1. Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p>	✓		None

Assessment items	Implementation status		Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	
<p>2. Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p>	✓		None
<p>3. Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p>	✓		None
<p>4. To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?</p>	✓		None
<p>5. Does the company provide internal and external ethical conduct training programs on a regular basis?</p>	✓		None





Assessment items	Implementation status		Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	
<p>III. Operation of integrity channels</p> <p>1. Has the Company established a reward/punishment system and a complaint hotline? Has the Company established a system where the accused individual can be reached by an appropriate person?</p>	✓		None
<p>2. Has the Company established standard operating procedures for investigating the complaints received, as well as follow-ups after investigations are completed, and has the Company ensured these investigations are handled confidentially?</p>	✓		None
<p>3. Does the Company provide proper whistleblower protection?</p>	✓		None
<p>IV. Information disclosure</p> <p>Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?</p>	✓		None

V. If the Company has drafted its own Corporate Social Responsibility Best Practice Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please clearly state any discrepancies between the policies and their implementation:

The 14<sup>th</sup> meeting of the Company's 20<sup>th</sup> Board of Directors approved the "Ethical Corporate Management Best Practice Principles" and the 11<sup>th</sup> meeting of the 22<sup>nd</sup> Board of Directors approved the 3<sup>rd</sup> revision of these Principles. The Audit Office is responsible for monitoring the implementation of TCC's business integrity policy; this policy and the business integrity operating rules determined by the Company are implemented in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."

VI. Other important information facilitating a better understanding of the Company's ethical corporate management policies:  
The correspondent banks that the Company uses in its dealings with affiliated enterprises are uniformly financial institutions with a certain credit rating and level of assets. Furthermore, the Company has established customer credit management regulations, regularly conducts appraisals of vendors, performs assessments of at risk items, and uses the SAP system for monitoring purposes.

### 3.3.7 Corporate governance guidelines and regulations

The 14<sup>th</sup> meeting of the Company's 20<sup>th</sup> Board of Directors approved the establishment of the "Ethical Corporate Management Best Practice Principles," which was amended at the 2<sup>nd</sup> meeting of the 22<sup>nd</sup> Board of Directors. The related regulations can be viewed in the "Investors Relations" section of the Company's website at [http://www.taiwancement.com/#invest\\_4\\_2\\_3](http://www.taiwancement.com/#invest_4_2_3)

The 8<sup>th</sup> meeting of the 22<sup>nd</sup> Board of Directors passed an amendment to the "Application for Suspension or Resumption of Transactions SOP". The 12<sup>th</sup> meeting of the 22<sup>nd</sup> Board of Directors approved amendments to the "Corporate Social Responsibility Best Practice Principles." The 16<sup>th</sup> meeting of the 23<sup>rd</sup> Board of Directors approved amendments to the "Governance Best Practice Principles."

### 3.3.8 Other important information regarding corporate governance

- (1) The Company discloses material information in a timely manner and regularly holds investor conferences.
- (2) The 14<sup>th</sup> meeting of the 20<sup>th</sup> Board of Directors approved the establishment of "Ethical Corporate Management Best Practice Principles."
- (3) The Company produces and publishes corporate social responsibility reports.
  - Internal audit: The data or information disclosed in the CSR report is provided by each relevant department and verified by the CSR report compilation team. The report is then returned to each department head for verification, and finally submitted to the Chairman who reviews and approves it.
  - External audit: The CSR report is reviewed by SGS Taiwan Limited.
  - To ensure the report meets the GRI G4 Core disclosure criteria, the report is prepared in accordance with the requirements of the core disclosure principles of the GRI G4 Standards and the Moderate Assurance in Type 1, AccountAbility 1000 Assurance Standard. Please refer to the Appendix for the related verification methods and results.
  - The CSR report is disclosed on the Company's website and on MOPS.



(4) The following table discloses the education and training on corporate governance attended by managers

Title	Name	Organization	Course	Date	Length (hours)
Assistant Vice President and Corporate Governance Manager	Jia-Ro Lai	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	August 11, 2020	3
			Climate change and TCFD		3
		Raphael AML Consulting Limited	Training on anti-money laundering mechanisms for senior management	November 16, 2020	3
		Securities & Futures Institute	Training on suggested best practices for directors (including independence directors), supervisors and corporate governance manager	November 24, 2020 to November 25, 2020	12
Assistant Vice President and Chief Accounting Officer	Guo-Hong Yeh	Accounting Research and Development Foundation in Taiwan	Continuing education for accounting managers at issuers, securities firms, and securities exchanges	December 3, 2020 to December 4, 2020	12
Senior Manager and Internal Audit Manager (Note1)	Xiao-En Tseng	Accounting Research and Development Foundation in Taiwan	Detection of fraud in practice: legal responsibility, forensic and big data analysis.	September 4, 2020	6
		The Institute of Internal Auditors-Chinese Taiwan	Essentials of the internal audit of sale and receipt cycles and compliance with applicable laws, regulations, and bylaws	September 21, 2020	6
Manager and Internal Audit Manager (Note 2)	Chia-Hua Tsao	Golden Education	Ethics of accounting professionals	January 1, 2021	2
			Development and implementation of financial shared services		1
			How to establish effective controls for customs risk		1
			Upgrade positioning of the finance department in the fusion of business and finance		1
			Trend in optimization of enterprises' supply chain and audits by customs		1.5
			Break-even models in Excel		2
			Experienced course for accountants		2.5
			Analysis of latest changes in Enterprise Accounting Standards		3

Title	Name	Organization	Course	Date	Length (hours)
Manager and Internal Audit Manager (Note 2)	Chia-Hua Tsao	Golden Education	Revolution in finance accounting and the model of global finance	December 31, 2020	1
			Management and control of forecasts		2
			Methods for financial forecasts		2.5
			Transformation and repositioning of financial functionality		2.5
			Analysis and risk prevention of differences in taxable income and net income		2
			Review points of customs value and risk controls		2
			Long-term investments		2

Note1: Xiao-En Tseng retired and was discharged as Manager and Internal Audit Manager as of December 1, 2020.  
 Note2: Chia-Hua Tsao was promoted as Manager and Internal Audit Manager as of December 1, 2020.



### 3.3.9 Internal control systems

#### 3.3.9.1 Statement on internal controls

Based on the findings of a self-assessment, we state the following with regard to our internal control system during the year ended December 31, 2020:

1. We acknowledge and understand that it is the responsibility of our Board of Directors and management to establish, implement, and maintain an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing aforementioned goals. Furthermore, the effectiveness of an internal control system may be subject to changes because of extenuating circumstances beyond our control. However, by equipping our internal control system with self-monitoring mechanisms, we take immediate remedial actions in response to any identified deficiencies.
3. We evaluate the design and operating effectiveness of our internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. We have evaluated the design and operating effectiveness of our internal control system according to the Regulations aforementioned.
5. In respect of the findings of such evaluation, we believe that, on December 31, 2020, in all material respects, our effective internal control system (including the supervision and management of our subsidiaries) provides reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This statement shall form an integral part of our annual report and prospectus, and it will be disclosed to the public. If there is any fraud, concealment, or other illegality in the above contents, we shall be liable to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement was approved unanimously by the Board of Directors in their meeting held on March 19, 2021, with the presence of all directors attended the meeting.

**Taiwan Cement Corporation**

**Chairman:**

Signature/Seal

**President:**

Signature/Seal

3.3.9.2 Has the Company engaged an external auditor to audit its internal control system? If so, please disclose the auditor's report: None.

3.3.10 Has the Company or its personnel been punished due to violation of regulations or has the Company punished its personnel for violating the Company's internal controls for fiscal year 2020 and up to the publication date of this annual report? If so, what were the major deficiencies and the steps taken to improve on the deficiencies? None.

#### 3.3.11 Major resolutions of shareholders' meetings and board meetings for fiscal year 2020 and up to the publication date of this annual report:

Major resolutions and execution status of 2020 general shareholders' meeting and up to the publication date of this annual report:

Major resolutions of shareholders' meetings			
Meeting date	Subject	Resolution and results	Execution status
June 9, 2020 General shareholders' meeting	1. Submission of the 2019 business reports and financial statements of the Company for approval.	The motion proposed and approved by the Board of Directors was resolved and approved based on the voting results.	The 2019 Business Report and Financial Statements were accepted as submitted.
	2. Submission of the 2019 earning distribution plan of the Company for approval.	The motion proposed and approved by the Board of directors was resolved and approved based on the voting results.	The 2019 earnings distribution was as follows: 1. Cash dividends: a total of NT\$13,644,048,010 distributed (NT\$ 2.5 per share). 2. Share dividends: NT\$2,728,809,600 (NT\$ 0.5 per share) Ex-dividend date: August 18, 2020. Distribution of cash dividend: September 16, 2020.
	3. Submission of the proposal for a new share issue through capitalization of earnings for approval.	The motion proposed and approved by the Board of Directors was resolved and approved based on the voting results.	Announced on MOPS and the Company's website on June 9, 2020.
	4. Submission of amendments on part of Article of Incorporation for approval.	The motion proposed and approved by the Board of Directors was resolved and approved based on the voting results.	Announced on MOPS and the Company's website on June 9, 2020.
	5. Submission of the amendments on part of Rules of Procedure for Annual Shareholders' Meeting for approval.	The motion proposed and approved by the Board of Directors was resolved and approved based on the voting results.	Announced on MOPS and the Company's website on June 9, 2020.



Major resolutions of the board meeting in 2020 and up to the publication date of this annual report:

Major resolutions of board meetings		
Meeting date	Subject	Resolution and result
May 12, 2020	1.The company intends to obtain facilities from the financial institutions listed below, and submitted for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	2. Submission of adjustments to the guarantee by endorsement for financing purposes provided by the Company to its affiliates for approval.	The proposal was resolved in the 17 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	3. Submission of proposal to upgrade the Company's risk management team to a Risk Management Committee, and to assign members, for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	4. Submission of proposal to revoke the Company's "Regulations Governing Transfer of Repurchased Shares to Employees" that was approved by the board of directors on January, 9, 2020.	It was unanimously approved by all directors attending the meeting with no objections.
	5. Submission of proposal for TCC (Hangzhou) Environmental Protection Technology Co., Ltd., a subsidiary of TCC, to invest in a joint venture with China Resources Cement Holdings Limited and Tangshan Jidong Cement Co.,Ltd. to plan and develop digital transformation projects.	It was unanimously approved by all directors attending the meeting with no objections.

Major resolutions of board meetings		
Meeting date	Subject	Resolution and result
July 15, 2020	1. Submission of proposal for the Company to execute a tender offer for the ordinary shares of Taiwan Prosperity Chemical Corporation (TPCC) and terminate TPCC's public listing for approval.	Except for Kung-Yi Koo and Jong-Peir Li (who are Directors of TCC and Taiwan Prosperity Chemical Corporation) and Independent Director Chin-Jen Sheng (who is an independent director of both TCC and Taiwan Prosperity Chemical Corporation) who recused themselves from the discussion, it was unanimously approved by all directors attending the meeting with no objections.
	2. Submission of proposal to establish relevant procedures for preferred share dividends, ordinary share cash dividends and the new issue of shares due to capitalization of retained earnings for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	3. Submission regarding proposed donation to Fairs Winds Foundation for approval.	Except for Director Por-Yuan Wang who recused himself from the discussion, the proposal was unanimously approved by all directors attending the meeting with no objections.
	4. Submission regarding proposed donation to Ronald McDonald House Charities for approval.	It was unanimously approved by all directors attending the meeting with no objections.
August 11, 2020	1. Submission of the Company's consolidated financial statements for the 2 <sup>nd</sup> quarter of 2020 for approval.	The proposal was approved in the 19 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	2.Submission of the Company's audit fee to independent auditors for 2020 and 2021 for further approval.	The proposal was approved in the 19 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	3.The company intends to obtain facilities from the financial institutions listed below, and submitted for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	4. Submission of TCC international Ltd. and TCC (Guigang) Cement Ltd., subsidiaries of TCC, to set up an joint venture with Anhui Conch New Material Technology Co., Ltd., a subsidiary of Anhui Conch Holdings Co., Ltd., including the program plan and budget, for resolution.	The proposal was approved in the 19 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	5. Appointment of Acting Spokesman of the Company submitted for approval.	Except for Manager Jia-Ro Lai who recused herself from the discussion, it was unanimously approved by all directors attending the meeting with no objections.
	6. Appointment of Head of Corporate Governance of the Company submitted for approval.	Except for Manager Jia-Ro Lai who recused herself from the discussion, it was unanimously approved by all directors attending the meeting with no objections.
	7. Adjustment of salary account submitted to approval.	The proposal was resolved in the 12 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee, and the chairperson consulted all the directors who unanimously approved the proposal.
	8. Supervisors' compensation submitted for approval.	Chairman An-Ping Chang, Director Jong-Peir Li and managers recused themselves from the discussion, with Independent Director Victor Wang as the Acting Chairperson. The proposal was approved in the 4 <sup>th</sup> meeting of the 12 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting with no objections.





Major resolutions of board meetings		
Meeting date	Subject	Resolution and result
August 11, 2020	9. Amendments to the Anti Corruption Policy submitted for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	10. Amendments to Risk Management policies submitted for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	11. Amendments to ethical corporate management policies submitted for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	12. Amendments to Corporate Social Responsibility Best Practice Principles submitted for approval.	It was unanimously approved by all directors attending the meeting with no objections.
September 16, 2020	1. Plan to execute a tender offer for the Ordinary Shares of Taiwan Prosperity Chemical Corporation (TPCC) and execute delisting of TPCC submitted for approval.	Director Kung-Yi Koo and independent director Chin-Jen Sheng recused themselves from discussion parts 1 and 2. It was unanimously approved by all directors attending the meeting with no objections.
	2. Submission of the appointment of Chairman or a particular person to negotiate the bid of a third-party to acquire assets or ordinary shares of TCC subsidiary Taiwan Prosperity Chemical Corporation for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	3. Submission that the Company intends to issue domestic or overseas unsecured corporate bonds, within the amount previously authorized by the Board of Directors, for approval.	The proposal was approved in the 20 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	4. Submission of that the company intends to invest in a 100% owned overseas subsidiary, TCC International Holdings Limited for approval.	The proposal was approved in the 20 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	5. Submission of that the company intends to issue domestic or overseas unsecured corporate bonds, overseas private green unsecured corporate bonds or CSR unsecured corporate bonds, with an amount not exceeding NT\$150 billion (or equivalent US dollars) for approval.	The proposal was approved in the 20 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	6. Submission of the conversion date of unsecured overseas convertible bonds issued in 2018 and the date of issuance of new shares for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	7. The budget of a new program of a recovery system for waste heat at TCC's Suao factory.	The proposal was approved in the 20 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	8. TCC subsidiary TCC Green Energy Corporation's participation in a construction project for geothermal power generation at the Hongye hot springs in Yanping Township, Taitung County.	The proposal was approved in the 20 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
November 10, 2020	1. Participate in the bidding of land owned by Chia Hsin Property Management and Development Corp. in Taoyuan, which is currently sub-leased by TCC's ready-mixed cement plant in Taoyuan.	Director Chi-Te Chen recused himself from the discussion, and Director Jason Kang-Lung Chang was absent from the meeting and excluded from the discussion and voting. The proposal was approved in the 21 <sup>st</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.

Major resolutions of board meetings		
Meeting date	Subject	Resolution and result
November 10, 2020	2. Amendments to the Company's Procedures for Acquisition or Disposal of Assets submitted for approval.	The proposal was approved in the 21 <sup>st</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections. After the approval, it will be discussed and approved at the 2021 shareholders' meeting.
	3. Amendments to the Company's accounting policies submitted for approval.	The proposal was approved in the 21 <sup>st</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	4. The Company intends to obtain banking facilities from the financial institutions below and submitted for resolution.	It was unanimously approved by all directors attending the meeting with no objections.
	5. Capital expenditure project and budget for clinker coolers in TCC's Ho-Ping factory submitted for approval.	The proposal was approved in the 21 <sup>st</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	6. Retirement of Chief Internal Auditor, Xiao-En Tseng submitted for approval.	Xiao-En Tseng recused himself from the discussion. It was unanimously approved by all directors attending the meeting with no objections.
	7. Appointment of new Chief Internal Auditor, Chia-Hua Tsao submitted for approval.	Chia-Hua Tsao recused himself from the discussion. The proposal was approved in the 21 <sup>st</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	December 15, 2020	1. TCC's Ho-Ping factory intends to purchase land from the Industrial Development Bureau to expand storage space for materials.
2. Participation in bidding for land owned by Chia Hsin Property Management and Development Corp. in Taoyuan submitted for approval.		Directors Jason Kang-Lung Chang and Director Chi-Te Chen recused themselves from the discussion. The proposal was approved in the 22 <sup>nd</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
3. The Company's operating budget for 2021 was submitted for approval.		It was unanimously approved by all directors attending the meeting with no objections.
4. The Company's capital expenditure forecast for 2021 was submitted for approval.		It was unanimously approved by all directors attending the meeting with no objections.
5. The Company intends to obtain banking facilities from the financial institutions below and submitted for resolution.		It was unanimously approved by all directors attending the meeting with no objections.
6. The Company's internal audit plan for 2021 was submitted for approval.		The proposal was approved in the 22 <sup>nd</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
7. Compensation of new manager, Chia-Hua Tsao was submitted for approval.		Attending managers recused themselves from the discussion of proposal 7 to 9. Director Jong-Peir, Li and Director Kung-Yi Koo recused themselves from the discussion as well. The proposal was approved in the 13 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting with no objections.



Major resolutions of board meetings		
Meeting date	Subject	Resolution and result
December 15, 2020	8. The 2021 plan for raising employee salaries was submitted for approval.	Directors Kung–Yi Koo and Jong–Peir Li recused themselves from the discussion. The proposal was approved in the 13 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting with no objections.
	9. The plan for 2020 annual bonus and remuneration of the Company was submitted for approval.	Directors Kung–Yi Koo and Jong–Peir Li recused themselves from the discussion. The proposal was approved in the 13 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting with no objections.
	10. Proposal for continuous donations to “Taiwan Precision Medicine Initiative” was submitted for approval.	It was unanimously approved by all directors attending the meeting with no objections.
January 28, 2021	1. The conversion date of the unsecured overseas convertible bonds issued in 2018 and the date of issuance of new shares was submitted for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	2. Amendments to the Group’s tax management policy and regulations were submitted for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	3. The rules of the Risk Management Committee were submitted for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	4. The plan for the CEO’s 2020 annual bonus and remuneration was submitted for approval.	An–Ping Chang and the managers recused themselves from the discussion, with Director Kenneth C.M. Lo as the Acting Chairperson. The proposal was approved in the 14 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee to award 0.9% of net profit after tax of 2020 as the bonus and remuneration for CEO. It was unanimously approved by all directors attending the meeting with no objections. Chairman An–Ping Chang attended the meeting after the proposal was approved and he declined to receive the 2020 annual bonus and remuneration awarded to him.
	5. The plan for 2020 annual bonus and remuneration for the Company’s managers was submitted for approval.	All managers recused themselves from the discussion. The proposal was approved in the 14 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting with no objections.
	6. Submission for the intention to cooperate with CommonWealth Magazine Education Foundation for charity events for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	7. Submission for the proposed election of 15 nominees for directors (including five independence directors) of the 24 <sup>th</sup> Round of the BOD for approval in the 2021 shareholder’ meeting.	It was unanimously approved by all directors attending the meeting with no objections.
	8. Submission of the nomination for 15 nominees for directors (including five independence directors) for approval.	It was unanimously approved by all directors attending the meeting with no objections.

Major resolutions of board meetings		
Meeting date	Subject	Resolution and result
January 28, 2021	9. Submission of the release of restrictions on non–competition requirements for newly appointed directors for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	10. Submission of the procedures and criteria for the nomination, qualification and evaluation of candidates for directors, including independent directors, at the Company’s 2021 shareholders’ meeting for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	11. Submission for acceptance of shareholder proposals for convention of the Company’s 2021 shareholders’ meeting for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	12. Submission for convention of the Company’s 2021 shareholders’ meeting for approval.	It was unanimously approved by all directors attending the meeting with no objections.
March 19, 2021	1. Submission of disposing 100% issued ordinary shares of subsidiary, Taiwan Prosperity Chemical Corporation to Chang Chun Plastics Co., Ltd.	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	2. Submission of invest up to but not over NT\$10 billion in TCC Recycle Energy Technology Company.	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	3. Submission of authorizing Chairman or an assigned person to evaluate or negotiate the potential energy storage assets or share transactions (shown as “Project Eureka”).	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	4. The administrative remedy of “Special Tax on Ore” by Hualien County.	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	5. Submission of supplementary budget of Ho–Ping planet conducted an environmental impact assessment and approved our build–own–operate project in Hualien (Known as DAKA, a renewable resource center).	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	6. The reward distribution for employees and directors for 2020.	All directors and managers recused themselves from the discussion of proposal 6 and 7, except for the independent directors with Independent Director Yu–Cheng Chiao as the Acting Chairperson. The proposal was resolved in the 15 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee, and it was unanimously approved by all independent directors attending the meeting with no objections.



Major resolutions of board meetings		
Meeting date	Subject	Resolution and result
March 19, 2021	7. Proportion of distribution of reward for chairman and Directors for 2020.	All directors and managers recused themselves from the discussion of proposal 6 and 7, except for the independent directors with Independent Director Yu-Cheng Chiao as the Acting Chairperson.  The proposal was resolved in the 15 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee, and it was unanimously approved by all independent directors attending the meeting with no objections.
	8. Submission of the 2020 business reports.	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	9. Submission of the 2020 financial statements of the company and the 2020 consolidated financial statements.	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	10. Submission of 2020 earning distribution plan of this company for approval.	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	11. Submission of amending some articles of the Ethical Management and Guidelines for Conduct and submitted for resolution.	It was unanimously approved by all directors attending the meeting with no objections.
	12. Submission of amending some articles of the Rules of Procedure for Shareholders Meetings.	It was unanimously approved by all directors attending the meeting with no objections.
	13. Submission of matters regarding the convening of the company's 2021 general shareholders' meetings and shareholders' meetings .	It was unanimously approved by all directors attending the meeting with no objections.
	14. Submission of the company's 2020 Internal Control System Statement.	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	15. Submission of assessment on the professionalism, suitability and independence of certified public accountants.	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.
	16. Submission of the adjustments in the guarantee by endorsement for financing purpose provided by the company to its associated enterprises.	The proposal was approved in the 24 <sup>th</sup> meeting of the 2 <sup>nd</sup> round of the Audit Committee. It was unanimously approved by all directors attending the meeting with no objections.

Major resolutions of board meetings		
Meeting date	Subject	Resolution and result
March 19, 2021	17. Submission of the company intends to obtain financing from the below financial institutions.	It was unanimously approved by all directors attending the meeting with no objections.
	18. Submission of the conversion date of unsecured overseas convertible bonds issued in 2018 and the date of issuance of new shares for approval.	It was unanimously approved by all directors attending the meeting with no objections.
	19. Submission of Amendment of EWC savings trust for the distribution of retired employees.	The proposal was approved in the 15 <sup>th</sup> meeting of the 4 <sup>th</sup> round of the Compensation Committee. It was unanimously approved by all directors attending the meeting with no objections.

**3.3.12 Major issues of record or written statements made by any director dissenting to important resolutions passed by the Board of Directors during 2020 and as of the date of this annual report:** None.

**3.3.13 Resignation or dismissal of key management during 2020 and as of the date of this annual report:**

As of March 20, 2021

Title	Name	On-board date (Note)	Date of resignation or dismissal	Summary of resignation or dismissal
Vice President and Head of Legal and Corporate Governance	Li-Wen Tsai	March 22, 2019	August 3, 2020	Job rotation
Senior Manager and Internal Audit Manager	Xiao-En Tseng	December 21, 2004	December 1, 2020	Retirement

Note: On-board date means the official date of taking up the position.

**3.3.14 Certification of employees whose jobs are related to the release of the Company's financial information**

1. Certified Internal Auditor (CIA): Three staff in the Audit Office.
2. Qualified Internal Auditor (QIA): One staff in the Audit Office.
3. Certified Public Accountant (CPA): Three staff in the Finance Department.

**3.4 Information regarding the Company's independent auditor**

Public accounting firm	Name of CPA		CPA's audit period	Note
Deloitte Taiwan	Chih-Ming Shao	Hui-Min Huang	January 1, 2020 to December 31, 2020	



Unit: NT\$ thousands

Fee ranges	Audit Fees	Non-Audit Fees	Total
Less than 2,000			
2,000–4,000			
4,000–6,000			
6,000–8,000			
8,000–10,000			
Above 10,000	✓	✓	✓

**3.4.1 Non-audit fees paid to the auditors, audit firm and its affiliates in excess of 25% of the audit fees:**

Unit: NT\$ thousands

Public accounting firm	Name of CPA	Audit Fees	Non-audit Fees					CPA's audit period	Note
			System design	Business registration	Human resources	Others (Note)	Sub-total		
Deloitte Taiwan	Chih-Ming Shao	24,655	-	-	-	11,767	11,767	January 1, 2020 to December 31, 2020	Other fees include fees for tax and consulting services, amounting for NT\$11,767 thousand.
	Hui-Min Huang								

**3.4.2 Is the audit fee lower than the fees paid to the predecessor firm?** None.

**3.4.3 Did the audit fees decrease by over 10% as compared to the prior year?** None.

**3.5 Change in independent auditors**

**3.5.1 Predecessor auditor:**

Date of change	Approved by BOD meeting on March 20, 2020		
Reasons and explanation of changes	In compliance with mandatory lead auditor rotation rules, the Company changed its auditors from Ya-Ling Wong and Chih-Ming Shao to Chih-Ming Shao and Hui-Min Huang from 2020Q1.		
State whether the appointment is terminated or rejected by the consignor or CPAs	Client	CPA	Consignor
	Appointment terminated initiatively	Not applicable	Not applicable
	Appointment rejected (discontinued)	Not applicable	Not applicable
The opinion other than unmodified opinion issued in the last two years and the reasons for the said opinions	None		
Is there any disagreement in opinion with the issuer?	Yes		Accounting principle or practice
			Disclosures of financial statements
			Audit scope or procedures
			Others
	No	✓	
Explanation			
Supplementary disclosure	None		





3.5.2 Successor auditor:

Accounting firm	Deloitte Taiwan
CPAs	Chih-Ming Shao and Hui-Min Huang
Date of appointment	Approved by BOD meeting on March 20, 2020
Prior to the appointment, any inquiry or consultation on the accounting treatment or accounting principles for specific transactions, and the type of audit opinion that might be rendered on the financial report	None
Written opinions from the successor CPAs that are different from the predecessor CPAs' opinion	None

3.5.3 The Reply of predecessor auditor on Article 10.6.1 and Article 10.6.2.3 of the Standards: Not applicable.

3.6 Did the Company's Chairman, president and/or management in charge of finance and accounting function served at the audit firm or its affiliates during 2020? None.

3.7 Net changes in shareholdings by directors, management, and shareholders with 10% shareholdings or more

Unit: Shares

Title	Name	2020		January 1, 2021 – April 13, 2021	
		Increase (decrease) in shareholdings	Increase (decrease) in shares pledged	Increase (decrease) in shareholdings	Increase (decrease) in shares pledged
Chairman	Chai Hsin R.M.C. Corporation Representative: An-Ping Chang	144,469	0	0	0
Director	C. F. Koo Foundation Representative: Jong-Peir Li	150,942	0	0	0
Director	Tai Ho Farming Co., Ltd. Representative: Kung-Yi Koo	287,857	0	0	0
Director	Chia Hsin Cement Corporation Representative: Jason Kang-Lung Chang  Chia Hsin Cement Corporation Representative: Chi-Te Chen	10,377,488	0	0	0
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	562,532	0	0	0
Director	Hsin He Investment Co., Ltd. Representative: Chi-Wen Chang	807,065	0	0	0
Director	Sishan Investment Co., Ltd. Representative: Nan-Chou Lin	443,071	0	0	0
Director	International CSRC Investment Holdings Co., Ltd. Representative: Kenneth C.M. Lo	4,932,430	0	0	0
Director	Chung Cheng Development & Investment Co., Ltd. Representative: Tzun-Yen Yu	1,336,439	0	0	0
Director	Fu Pin Investment Co., Ltd. Representative: Por-Yuan Wang  Fu Pin Investment Co., Ltd. Representative: Chi-Chia Hsieh	3,690,789	0	0	0



Title	Name	2020		January 1, 2021 – April 13, 2021	
		Increase (decrease) in shareholdings	Increase (decrease) in shares pledged	Increase (decrease) in shareholdings	Increase (decrease) in shares pledged
Director	Heng Qiang Investment Co., Ltd. Representative: Chien Wen  Heng Qiang Investment Co., Ltd. Representative: Chih-Chung Tsai	4,870,132	0	0	0
Director	Chinatrust Investment Co., Ltd. Representative: Chun-Ying Liu	11,529,971	0	0	0
Independent Director	Yu-Cheng Chiao	0	0	0	0
Independent Director	Victor Wang	0	0	0	0
Independent Director	Chin-Jen Sheng	2,100	0	0	0
Independent Director	Lynette Ling-Tai Chou	0	0	0	0
CEO	An-Ping Chang	2,004,249	0	0	0
President	Jong-Peir Li	37,466	0	0	0
Senior Vice President	Chien-Chiang Huang	35,226	0	0	0
Senior Vice President	Ker-Fu Lu	5,148 (9,000)	0	0	0
Vice President	Bao-Luo Ge	13,930	0	0	0

Title	Name	2020		January 1, 2021 – April 13, 2021	
		Increase (decrease) in shareholdings	Increase (decrease) in shares pledged	Increase (decrease) in shareholdings	Increase (decrease) in shares pledged
Senior Assistant Vice President	Feng-Ping Liu	6,706	0	0	0
Senior Assistant Vice President	Chien-Chuan Wang	8,764	0	0	0
Senior Assistant Vice President	Lin-Tian Huang	204 (10,000)	0	0	0
Senior Assistant Vice President	Yu-Jun Yeh	26,352	0	0	0
Senior Assistant Vice President	Kuo-Yu Tsai (appointed on August 3, 2020)	34,580	0	0	0
Assistant Vice President and Chief Accounting Officer	Guo-Hong Yeh	5,352	0	0	0
Assistant Vice President	Wei-Jue Hong	9,783	0	0	0
Assistant Vice President	Jin-Lung Yu	10,977	0	0	0
Assistant Vice President	Kung-Yi Koo	26,761	0	0	0
Assistant Vice President	Cen-Wei Lan	6,906	0	0	0
Assistant Vice President and Corporate Governance Manager	Jia-Ro Lai (appointed on August 11, 2020)	3,146 (3,000)	0	0	0
Assistant Vice President	Kuang-Si Chen	3,746	0	0	0
Assistant Vice President	Yuo-Xin Song	5,999	0	0	0
Senior Manager	Chia-Pei Wei	18,435	0	0	0
Senior Manager	Ming-De Li	1,000 (80,010)	0	0	0



Title	Name	2020		January 1, 2021 – April 13, 2021	
		Increase (decrease) in shareholdings	Increase (decrease) in shares pledged	Increase (decrease) in shareholdings	Increase (decrease) in shares pledged
Senior Manager	Cheng–Dao Qiang	3,993 (40,000)	0	0	0
Senior Manager	Yun–De Wu	5,202	0	0 (72,000)	0
Manager	Zhi–Ren Liu	4,345	0	0	0
Manager	Jin–Yi Chen	4,281	0	0	0
Manager and Internal Audit Manager	Chia–Hua Tsao (appointed on December 1, 2020)	0	0	0	0
Manager	Zhi–Chun Lai	5,352	0	0	0
Senior Assistant Manager	Chong–Zhi Hong	4,281	0	0	0
Senior Assistant Manager	Zhi–Feng Wu	3,766	0	0	0
Assistant Manager	Tzu–Yang Wu (appointed on July 2, 2020)	0	0	0	0
Vice President and Head of Legal and Corporate Governance	Li–Wen Tsai (resigned on August 3, 2020)	0	0	0	0
Senior Manager and Internal Audit Manager	Xiao–En Tseng (resigned on December 1, 2020)	8,729	0	0	0
Senior Assistant Manager	Li–Chi Hsiao (resigned on July 2, 2020)	0	0	0	0
Senior Assistant Manager	Jao–Gui Lin (resigned on July 2, 2020)	0	0	0	0

3.7.1 The person to whom shares are transferred or pledged is a related party: None.





### 3.8 Related-party relationships among TCC's ten largest shareholders

Name	Shares held		Shares held by spouse and minors	
	Shares	%	Shares	%
Chinatrust Investment Co., Ltd.	242,053,087	4.00	-	-
Representative: Tian-Yi Huo	8,601,121	0.14	-	-
Chia Hsin Cement Corporation	217,859,456	3.60	-	-
Representative: Jason Kang-Lung Chang	-	-	240,456	0.00
Taiwan Life Insurance Co., Ltd.	122,319,456	2.02	-	-
Representative: Su-Kuo Huang	-	-	-	-
Labor Retirement Reserve Fund	114,854,143	1.90	-	-
Cathay Life Insurance Co. Ltd.	112,832,983	1.86	-	-
Representative: Diao-kuei Huang	-	-	-	-
China Life Insurance Co., Ltd.	110,954,134	1.83	-	-
Representative: Ming-Yang Wang	-	-	-	-
New Labor Pension Scheme Fund	108,754,997	1.80	-	-
Chia Hsin International Co., Ltd.	106,291,339	1.75	-	-
Representative: Jason Kang-Lung Chang	-	-	240,456	0.00
Fubon Life Insurance Co., Ltd.	105,357,399	1.74	-	-
Representative: Richard M. Tsai	-	-	-	-
International CSRC Investment Holdings Co., Ltd.	103,548,831	1.71	-	-
Representative: Kung-Yi Koo	561,815	0.01	-	-

Shares held in the name of other persons		Name and the relationship with TCC's shareholders		Note
Shares	%	Name	Relationship	
None	None	International CSRC Investment Holdings Co., Ltd.	Director of the company	
None	None	None	None	
None	None	Chia Hsin International Co., Ltd.	Also the Chairman of Chia Hsin International Co., Ltd.	
		Chia Hsin International Co., Ltd.	Director of the company	
		Chia Hsin International Co., Ltd.	Also the Chairman of Chia Hsin International Co., Ltd.	
None	None	None	None	
None	None	None	None	
None	None	None	None	
None	None	None	None	
None	None	None	None	
None	None	None	None	
None	None	None	None	
None	None	Chia Hsin Cement Corporation	Also the Chairman of Chia Hsin Cement Corporation	
		Chia Hsin Cement Corporation	Director of the company	
None	None	Chia Hsin Cement Corporation	Also the Chairman of Chia Hsin Cement Corporation	
None	None	None	None	
None	None	None	None	
None	None	Chinatrust Investment Co., Ltd.	Director of the company	
None	None	None	None	





### 3.9 Ownership of shares in affiliated entities

Ownership in the Company's affiliates held by the Company, directors, supervisors, managers, and directly/indirectly-owned subsidiaries is presented below.

As of December 31, 2020

Unit: share

Affiliates	Ownership held by TCC (Note1)		Ownership held by directors, managers, and directly/indirectly owned subsidiaries		Total ownership	
	Shares	%	Shares	%	Shares	%
Taiwan Transport & Storage Co., Ltd.	40,541,082	83.85%	324,245	0.67%	40,865,327	84.52%
Taiwan Cement Engineering Corporation	59,669,960	99.18%	–	–	59,669,960	99.18%
Kuan-HO Refractories Industry Corporation	18,105,000	95.29%	–	–	18,105,000	95.29%
Hong Kong Cement Manufacturing Co., Ltd.	38,094	84.65%	–	–	38,094	84.65%
Ta-Ho Maritime Corporation	143,565,823	64.79%	64,761,341	29.23%	208,327,164	94.02%
TCC Investment Co., Ltd.	117,400,000	100.00%	–	–	117,400,000	100.00%
TCC Chemical Corporation	240,000,000	100.00%	–	–	240,000,000	100.00%
TCC Information Systems Corporation	14,904,000	99.36%	–	–	14,904,000	99.36%
Taiwan Prosperity Chemical Corporation	93,857,430	71.10%	3,315,451	2.52%	97,172,881	73.62%
Tung Chen Mineral Corporation Ltd.	19,890	99.45%	–	–	19,890	99.45%
Jin Chang Minerals Co., Ltd.	5,400,000	100.00%	–	–	5,400,000	100.00%
Ho-Ping Industrial Port Corporation	319,990,000	100.00%	–	–	319,990,000	100.00%
TCC International Ltd.	1,100,875,900	100.00%	–	–	1,100,875,900	100.00%
Ho-Ping Power Company	805,940,306	59.50%	6,772,608	0.50%	812,712,914	60.00%
HPC Power Services Corporation	6,000	60.00%	–	–	6,000	60.00%
Synpac Ltd.	2,700,000	25.00%	8,100,000	75.00%	10,800,000	100.00%
CCC USA Corp.	79,166	33.33%	158,334	66.67%	237,500	100.00%
Feng Sheng Enterprise Co., Ltd.	27,260,611	45.43%	–	–	27,260,611	45.43%

Affiliates	Ownership held by TCC		Ownership held by directors, managers, and directly/indirectly owned subsidiaries		Total ownership	
	Shares	%	Shares	%	Shares	%
E.G.C. Cement Corporation	8,062,600	50.64%	7,587,400	49.36%	15,650,000	100.00%
Onyx Ta-Ho Environmental Services Co., Ltd.	30,176,000	50.00%	–	–	30,176,000	50.00%
Ta-Ho RSEA Environment Co., Ltd.	39,960,000	66.60%	–	–	39,960,000	66.60%
TCC Green Energy Corporation	320,898,696	100.00%	–	–	320,898,696	100.00%
Ho Sheng Mining Co., Ltd.	30,100,000	100.00%	–	–	30,100,000	100.00%
TCC International Holdings Ltd.	2,581,832,362	38.28%	4,163,097,279	61.72%	6,744,929,641	100.00%
Taicorn Minerals Corp. (Note 2)	119,997	72.70%	–	–	119,997	72.70%
Trans Philippines Mineral Corp.	19,996	40.00%	–	–	19,996	40.00%
TCCMOLI Holdings (Singapore) Pte. Ltd.	30,000	100.00%	–	–	30,000	100.00%
TCC Sustainable Energy Investment Corporation	100,000	100.00%	–	–	100,000	100.00%
TCC Energy Storage Technology Corporation	100,000	100.00%	–	–	100,000	100.00%
TCC Recycle Energy Technology	117,363,506	18.19%	473,971,658	73.48%	591,335,164	91.67%
International CSRC Investment Holdings Co., Ltd.	153,476,855	15.59%	130,377,367	4.56%	283,854,222	20.15%
Taiwan Cement (Dutch) Holdings B.V.	838,370	100.00%	–	–	838,270	100.00%

Note 1: The Company's investments in affiliated entities are accounted for using the equity method.  
 Note 2: The ownership of Taicorn Minerals Corporation is calculated based on initial equity contribution.



# Chapter 4 Capital and Shares

## 4.1 Capital and shares

### 4.1.1 Capitalization

As of March 20, 2021 (Note), Unit: Share

Type of Shares	Authorized Share Capital				
	Outstanding shares			Unissued Share	Total
	Listed*	Non-listed	Total		
Ordinary share	5,810,254,882	-	5,810,254,882	989,745,118	6,800,000,000
Preferred share	200,000,000	-	200,000,000	-	200,000,000

Note: Based on the most recent book closure date for shareholders to register.  
\*Includes treasury shares, see 4.9 for details.

### Issued shares:

As of March 20, 2021 (Note 11), Unit: Share

Month /Year	Issue price (NT\$ per share)	Authorized Capital		Paid-in Capital		Note					
		Shares	Amount	Shares	Amount	Sources of capital			Issuance of shares for assets other than cash	Others	
						Capitalization of retained earnings	Capitalization of capital reserves	Issuance of shares for cash			
August 1995	10	1,650,000,000	16,500,000,000	1,280,787,200	12,807,872,000	1,372,272,000	-	-	-	None	None
August 1996	10	1,650,000,000	16,500,000,000	1,408,865,920	14,088,659,200	896,551,040	384,236,160	-	-	None	None
October 1997	10	1,650,000,000	16,500,000,000	1,650,000,000	16,500,000,000	563,546,368	845,319,552	1,002,474,880	-	None	None
July 1998	10	2,300,000,000	23,000,000,000	1,815,000,000	18,150,000,000	660,000,000	990,000,000	-	-	None	None
September 1999	10	2,300,000,000	23,000,000,000	2,196,500,000	21,965,000,000	363,000,000	1,452,000,000	2,000,000,000	-	None	None
August 2000	10	2,550,000,000	25,500,000,000	2,372,220,000	23,722,200,000	1,098,250,000	658,950,000	-	-	None	None
August 2001	10	2,757,386,600	27,573,866,000	2,443,386,600	24,433,866,000	-	711,666,000	-	-	None	None
September 2001	25	2,757,386,600	27,573,866,000	2,607,386,600	26,073,866,000	-	-	1,640,000,000	-	None	None
August 2002	10	2,757,386,600	27,573,866,000	2,656,254,332	26,562,543,320	-	488,677,320	-	-	None	None
September 2003	10	3,157,386,600	31,573,866,000	2,710,396,409	27,103,964,090	541,420,770	-	-	-	None	None
September 2004	10	3,507,386,600	35,073,866,000	2,809,764,407	28,097,644,070	993,679,980	-	-	-	None	None
October 2005	10	4,007,386,600	40,073,866,000	2,949,351,287	29,493,512,870	1,395,868,800	-	-	-	None	None
April 2006	10	4,007,386,600	40,073,866,000	2,991,886,496	29,918,864,960	-	-	-	-	None	NT\$ 425,352,090 (Note 4)

Month /Year	Issue price (NT\$ per Share)	Authorized Capital		Paid-in Capital		Note					
		Shares	Amount	Shares	Amount	Sources of capital			Issuance of shares for assets other than cash	Others	
						Capitalization of retained earnings	Capitalization of capital reserves	Issuance of shares for cash			
June 2006	10	4,007,386,600	40,073,866,000	3,131,344,565	31,313,445,650	-	-	-	-	None	NT\$ 1,394,580,690 (Note 4)
September 2006	10	4,007,386,600	40,073,866,000	3,181,438,776	31,814,387,760	-	-	-	-	None	NT\$ 500,942,110 (Note 4)
September 2006	10	4,007,386,600	40,073,866,000	3,236,097,960	32,360,979,600	546,591,840	-	-	-	None	None
October 2006	10	4,007,386,600	40,073,866,000	3,072,097,960	30,720,979,600	-	-	-	-	None	NT\$ (1,640,000,000) (Note 5)
January 2007	10	4,007,386,600	40,073,866,000	3,141,612,870	31,416,128,700	-	-	-	-	None	NT\$ 695,149,100 (Note 4)
April 2007	10	4,007,386,600	40,073,866,000	3,207,351,086	32,073,510,860	-	-	-	-	None	NT\$ 657,382,160 (Note 4)
August 2007	10	4,007,386,600	40,073,866,000	3,248,637,197	32,486,371,970	412,861,110	-	-	-	None	None
August 2008	10	4,007,386,600	40,073,866,000	3,292,175,869	32,921,758,690	435,386,720	-	-	-	None	None
December 2010	27	4,007,386,600	40,073,866,000	3,692,175,869	36,921,758,690	-	-	4,000,000,000	-	None	None
June 2011	10	6,000,000,000	60,000,000,000	3,692,175,869	36,921,758,690	-	-	-	-	None	None
November 2017	10	6,000,000,000	60,000,000,000	4,246,509,010	42,465,090,100	-	-	-	-	None	NT\$ 5,543,331,410 (Note 7)
August 2018	10	6,000,000,000	60,000,000,000	4,670,559,911	46,705,599,110	4,240,509,010	-	-	-	None	None
September 2018	10	6,000,000,000	60,000,000,000	5,108,059,911	51,080,599,110	-	-	4,375,000,000	-	None	None
January 2019	10	6,000,000,000	60,000,000,000	5,308,059,911	53,080,599,110	-	-	2,000,000,000	-	None	None
June 2019	10	7,000,000,000	70,000,000,000	5,308,059,911	53,080,599,110	-	-	-	-	None	None
September 2019	10	7,000,000,000	70,000,000,000	5,665,619,204	56,656,192,040	3,575,592,930	-	-	-	None	None
September 2020	10	7,000,000,000	70,000,000,000	5,938,500,164	59,385,001,640	2,728,809,600	-	-	-	None	None
October 2020	10	7,000,000,000	70,000,000,000	5,941,400,721	59,414,007,210	-	-	-	-	None	NT\$ 29,005,570 (Note 10)
February 2021	10	7,000,000,000	70,000,000,000	6,010,254,882	60,102,548,820	-	-	-	-	None	NT\$ 688,541,610 (Note 10)

1. Issuance of ordinary shares for cash at NT\$36 per share in accordance with Tai-Cai-Cheng-(1) No. 50087, which was approved by the Securities and Futures Bureau (SFB) of the Ministry of Finance (MOF) on July 7, 1997.
2. Issuance of ordinary shares for cash at NT\$20 per share in accordance with Tai-Cai-Cheng-(1) No. 29130, which was approved by the SFB of the MOF on April 20, 1999.
3. Issuance of 164,000,000 preferred shares for cash in accordance with Tai-Cai-Cheng-(1) No. 143691, which was approved by the SFB of the MOF on July 31, 2001.
4. Conversion of overseas unsecured convertible bonds into ordinary shares in accordance with Tai-Cai-Cheng-(1)-Zi No. 0920162472, which was approved by the SFB of the MOF on February 6, 2004.
5. Represents a capital reduction in connection with the redemption of preferred shares.
6. Issuance of 400,000,000 ordinary shares for cash in accordance with Jin-Guan-Zheng-Fa-Zi No. 0990059240, which was approved by the Financial Supervisory Commission (FSC) on November 5, 2010.
7. Issuance of 554,333,141 new shares to TCC International Holdings Limited in accordance with Jin-Guan-Zheng-Fa-Zi No. 106004101, which was approved by the FSC on November 6, 2017.
8. Issuance of 375,000,000-468,750,000 shares for cash and 75,000,000-93,750,000 units of Global Depository Receipts for a total of US\$440,000,000 to US\$550,000,000 in accordance with Jin-Guan-Zheng-Fa-Zhi No. 10703258531, which was approved by the FSC on July 25, 2018.
9. Issuance of 200,000,000 Series 2 preferred shares in accordance with Jin-Guan-Zheng-Fa-Zi No. 1070325853, which was approved by the FSC on July 25, 2018.
10. Issuance of shares was due to the conversion of 2018 first series unsecured convertible bond. The total amount of the Corporate bond was approved by the FSC on July 25, 2018, in accordance with Jin-Guan-Zheng-Fa-Zi No. 10703258532.
11. Based on the most recent book closure date for shareholders to register.



## 4.2 Composition of Shareholders

### Ordinary shares

As of April 13, 2021(Note), Unit: Share

Type of Shareholders	Government Agencies	Financial Institutions	Other Institutional Investors	Individuals	Foreign institutions and individuals	Treasury Share	Total
Number of shareholders	40	190	1,616	284,902	1,338	1	288,087
Number of shares held	11,661,765	998,034,437	1,980,796,055	1,669,062,467	1,387,034,208	11,521,600	6,058,110,532
Share-holding(%)	0.19	16.47	32.70	27.55	22.90	0.19	100.00

Note: Based on the most recent book closure date for shareholders to register.

### Preferred share

As of April 13, 2021(Note), Unit: Share

Type of Shareholders	Government Agencies	Financial Institutions	Other Institutional Investors	Individuals	Foreign institutions and individuals	Treasury Share	Total
Number of shareholders	2	21	89	9,313	24	0	9,449
Number of shares held	6,494	113,006,362	79,732,192	7,070,228	184,724	0	200,000,000
Share-holding(%)	0.00	56.50	39.87	3.54	0.09	0.00	100.00

Note: Based on the most recent book closure date for shareholders to register.

## 4.3 Distribution profile of share ownership

### Ordinary Shares

As of April 13, 2021 (Note)

Shareholding Ownership (Unit: Share)	Number of Shareholders	Number of shares held	Ownership (%)
1-999	95,953	17,943,537	0.30
1,000-5,000	135,667	281,586,204	4.64
5,001-10,000	26,645	194,393,412	3.21
10,001-15,000	10,180	123,864,719	2.04
15,001-20,000	5,024	90,065,221	1.49
20,001-30,000	5,170	127,070,008	2.10
30,001-40,000	2,311	80,408,240	1.33
40,001-50,000	1,514	68,929,350	1.14
50,001-100,000	2,814	196,440,641	3.24
100,001-200,000	1,358	187,946,830	3.10
200,001-400,000	622	172,268,837	2.84
400,001-600,000	231	113,618,451	1.88
600,001-800,000	126	88,277,075	1.46
800,001-1,000,000	64	56,746,951	0.94
1,000,001 and above	408	4,258,551,056	70.29
Total	288,087	6,058,110,532	100.00

Note: Based on the most recent book closure date for shareholders to register.

### Preferred shares

As of April 13, 2021 (Note)

Shareholding Ownership	Number of Shareholders	Number of shares held	Ownership (%)
1-999	7,272	902,119	0.45
1,000-5,000	1,997	2,583,667	1.29
5,001-10,000	70	506,622	0.25
10,001-15,000	22	252,513	0.13
15,001-20,000	14	241,303	0.12
20,001-30,000	12	290,981	0.15
30,001-40,000	4	144,209	0.07
40,001-50,000	6	272,313	0.14
50,001-100,000	18	1,456,232	0.73
100,001-200,000	6	914,680	0.46
200,001-400,000	5	1,569,300	0.78
400,001-600,000	2	1,200,000	0.60
600,001-800,000	3	2,162,130	1.08
800,001-1,000,000	2	1,837,737	0.92
1,000,001 and above	16	185,666,194	92.83
Total	9,449	200,000,000	100.00

Note: Based on the most recent book closure date for shareholders to register.

## 4.4 Major shareholders

### Ordinary shares

As of April 13, 2021 (Note)

Shareholders	Number of shares held	Ownership (%)
Chinatrust Investment Co., Ltd.	242,053,087	4.00
Chia Hsin Cement Corporation	217,859,506	3.60
Taiwan Life Insurance Co., Ltd.	122,319,456	2.02
Labor Retirement Reserve Fund	114,854,143	1.90
Cathay Life Insurance Co., Ltd.	112,832,983	1.86
China Life Insurance Co., Ltd.	110,954,134	1.83
New Labor Pension Scheme Fund	108,754,997	1.80
Chia Hsin International Co., Ltd.	106,291,339	1.75
Fubon Life Insurance Co., Ltd.	105,357,399	1.74
International CSRC Investment Holdings Co., Ltd.	103,548,831	1.71

Note: Based on the most recent book closure date for shareholders to register.



Preferred shares As of April 13, 2021 (Note)

Shareholders	Number of shares held	Ownership (%)
China Life Insurance Co., Ltd.	40,000,000	20.00
Nan Shan Life Insurance Company, Ltd.	30,000,000	15.00
Yuanta Commercial Bank.	28,964,000	14.48
Chunghwa Post Co., Ltd. Labor Pension Fund Management Committee	22,533,000	11.27
New Labor Pension Scheme Fund	20,000,000	10.00
Yuanta Securities Co., Ltd.	12,141,797	6.07
Labor Insurance Fund	12,000,000	6.00
Yuanta Life Insurance Co., Ltd.	3,825,000	1.91
Union Insurance Company	2,785,000	1.39
Bank Taiwan Life Insurance Co., Ltd. Reserves for Military Personnel Insurance Special Account	2,337,000	1.17

Note: Based on the most recent book closure date for shareholders to register.

#### 4.5 Market price, net worth, earnings, and dividends per ordinary share in recent two years

Unit: NT\$/thousand share

Item	Year		2019	2020	2021 (Note 7)
Market price per share (note 1)	High		46.60	47.55	43.50
	Low		34.90	33.35	40.15
	Average		41.02	42.55	41.83
Net worth per share (Note 2)	Before distribution		34.23	34.02	NA
	After distribution		30.30	NA	NA
Earnings per share	Weighted average shares		5,734,273	5,735,314	NA
	EPS	Basic (Note 3)	4.43	4.32	NA
		Diluted (Note 3)	4.22		
Dividends per share	Cash dividends		2.50	3.50	NA
	Share dividend	Earnings distribution	0.5	-	NA
		Capital distribution	-	-	NA
	Accumulated undistributed dividends		-	-	NA
Return on investment	Price/Earnings ratio (Note 4)	Basic	9.26	9.85	NA
		Diluted	9.72		NA
	Price/Dividend ratio (Note 5)		16.41	12.16	NA
	Cash dividend yield (Note 6)		0.06	0.08	NA

\*If bonus shares were issued, present the retrospectively adjusted market price per share and cash dividends per share.

Note 1: Referred to TWSE website.

Note 2: Disclose the information based on the outstanding shares as of the end of the fiscal year and the distribution plan as approved by the shareholders at the Annual Shareholders' Meeting.

Note 3: If retrospective adjustment to the EPS calculation is necessary to properly account for share dividend dilution, present the EPS before and after the adjustment.

Note 4: Price/Earnings Ratio = Average Market Price/ Diluted Earnings Per Share.

Note 5: Price/Dividend Ratio = Average Market Price/Cash Dividends Per Share.

Note 6: Cash Dividend Yield = Cash Dividends Per Share/Average Market Price.

Note 7: Information in 2021 was dated to March 20, 2021.

#### 4.6 Dividend policy and distribution of earnings

##### (1) Dividend policy

If the Company made profits in a fiscal year, the profits shall be used to pay outstanding taxes and offset prior years' losses. The Company is also required to set aside 10% annual net income as legal reserve until the accumulated legal reserve equals the Company's paid-in capital. The Company may set aside or reverse special reserve as required by laws or regulations. The remaining profits in the fiscal year together with any undistributed retained earnings may be allocated to preferred shares first, pursuant to Article 5-1 of the Company's Article of Incorporation, and then to ordinary shares. Each year, the Board of Directors shall prepare a dividend distribution proposal and report it at the Annual Shareholders' Meeting.

Since the Company's Article of Incorporation requires the Company to strategically diversify its businesses across different industries and markets beyond the cement industry, the dividend policy shall take into account the Company's diversification initiatives and capital expenditures budget. Consequently, no less than 20% of the total dividend distribution to ordinary shareholders shall be in the form of cash and the remainder shall be in the form of share.

##### (2) Earnings distribution

The proposal to distribute 2020 earnings was approved by the board at the 24th Meeting of the 23rd BOD on March 19, 2021. The total cash dividends for the preferred shares is NT\$ 350,000,000. The cash dividends for the ordinary shares is NT\$ 3.5 per share. This proposal is subject to the shareholders' approval at the Annual Shareholders' Meeting on June 11, 2021.

Unit: NT\$

Cash dividends per preferred share: 1.75/share	350,000,000
Cash dividends per ordinary share: 3.5/share	20,594,434,165

#### 4.7 Describe the impact of the planned issuance of share dividends on the Company's operating performance and EPS:

Not applicable.

#### 4.8 Director and employee compensation

##### 4.8.1 Compensation to directors and profit sharing bonus to employees, as set forth in the Company's Articles of Incorporation

TCC shall set aside (1) 0.01-3% of its annual profit to employees as a profit sharing bonus, and (2) not more than 1% of its annual profit to directors in the form of compensation. However, if the Company has any accumulated losses, the current year profit should be allocated to offset those losses before it can be allocated to the employees and directors. The profit sharing bonus may be distributed in the form of cash or stock, and the recipients must be eligible employees (of the Company, its subsidiaries or affiliates) who meet the criteria as specified by the Board of Directors.





**4.8.2 Disclose the basis for estimating the amount of director and employee compensation in the form of cash or in the form of share for the current fiscal year. Describe the accounting treatment if there is a discrepancy between the actual distributed amount and the estimated amount.**

The Company accrued for an employee profit sharing bonus and director compensation based on a certain percentage of 2020 profit. If the subsequent payout amounts differ from the estimated or accrued amounts, the differences will be recorded in the year paid as a change in the accounting estimate.

**4.8.3 Proposed compensation to directors and profit sharing bonus to employees**

(1) Disclose the amount of employees' profit sharing bonus and director compensation distributed in the form of cash or share. If there is a difference between the amount of compensation approved by the Board of Directors and the estimated amount, disclose the difference and the accounting treatment.

As resolved by TCC's Board of Directors on March 19, 2021, the compensation for 2020 shall be distributed (in the form of cash) as follows:

Employee profit sharing bonus: NT\$ 107,953,781

Director compensation: NT\$ 256,964,712

These amounts were the same as the amounts accrued by the Company for 2020.

(2) If the employee profit sharing bonus was distributed in the form of share, present the amount as a percentage of the Company's standalone net income in 2020 and separately, present the amount as a percentage of the Company's total employee compensation for 2020.

Not applicable as no employee profit sharing bonus was distributed in the form of shares.

**4.8.4 Disclose if there is a difference between the amount of FY2019 employee profit sharing bonus and director compensation paid in 2020 and the amount accrued in 2019:**

As resolved by TCC's Board of Directors on March 20, 2020, the compensation for 2019 shall be distributed (in the form of cash) as follows:

Employee profit sharing bonus	NT\$ 86,409,490
Director compensation	NT\$ 245,432,067

These amounts were the same as the amounts accrued by the Company for 2019.

**4.9 Repurchase of company shares**

(1) Repurchases completed

Implementation of buybacks	Third round	Fourth round
Purpose of buyback	Transfer of shares to employees	Transfer of shares to employees
Buyback period	May 15, 2019 ~ July 4, 2019	May 5, 2020 ~ May 22, 2020
Price range (NT\$)	Average price: 43.62	Average price: 42.90
Class and number of shares bought	8,000,000 ordinary shares	4,000,000 ordinary shares
Buyback amount (NT\$)	348,959,120	171,600,146
The percentage of the number of shares that were repurchased to the proposed number of shares to be repurchased (%)	80%	50%
Number of shares transferred	478,400 ordinary shares	-
Total number of shares that have not been transferred (shares)	7,521,600	11,521,600
The percentage of accumulated number of repurchased shares to the total number of issued shares (%)	0.12%	0.19%

Note: Information above was dated to March 20, 2021.

(2) Repurchases in progress: None.



## 4.10 Issuance of Corporate Bonds

### 4.10.1 Corporate bonds:

As of March 20, 2021. Unit: NT\$

Item	Type	First Series Unsecured Bond (2018)	First Series Unsecured Bond (2019)
Issuance Date		June 21, 2018	June 14, 2019
Face value		NT\$1,000,000	NT\$1,000,000
Listing exchange		None	None
Offering Price		NT\$100 per unit at par	NT\$100 per unit at par
Total Amount		NT\$12,000,000,000	NT\$12,600,000,000
Coupon Rate		1.7% p.a.	0.85% p.a.
Term and Maturity Date		Term: Fifteen years Maturity Date: June 21, 2033	Term: Five years Maturity Date: June 14, 2024
Guarantor		None	None
Trustee		CTBC Bank	CTBC Bank
Underwriter		HSBC Bank (Taiwan) Company Limited	HSBC Bank (Taiwan) Company Limited
Legal Counsel		Hui-Chi Kuo	Hui-Chi Kuo
Auditor		Deloitte & Touche Ya-Ling Won and Chih-Ming Shao	Deloitte & Touche Ya-Ling Won and Chih-Ming Shao
Repayment		Bullet	Bullet
Outstanding principal		NT\$12,000,000,000	NT\$12,600,000,000
Terms for redemption or early repayment		None	None
Covenants		None	None
Credit rating		twA+ (Taiwan Ratings Corporation, May 8, 2018)	twA+ (Taiwan Ratings Corporation, April 25, 2019)
Other Bondholder Rights	Amount of converted or exchanged ordinary shares, global depository receipts, or other securities	None	None
	Conversion rights	None	None
Dilution effect and other adverse effects on existing shareholders		None	None
Custodian		None	None

As of March 20, 2021. Unit: NT\$

Item	Type	First Series Unsecured Bond (2020)
Issuance Date		April 15, 2020
Face value		NT\$ 1,000,000
Listing exchange		None
Offering Price		NT\$100 per unit at par
Total Amount		NT\$ 20,000,000,000 Tranche A: NT\$5,200,000,000 Tranche B: NT\$14,800,000,000
Coupon Rate		Tranche A : 0.69% p.a. Tranche B : 0.93% p.a.
Term and Maturity Date		Tranche A: Seven years Maturity Date: April 15, 2027 Tranche B: Fifteen years Maturity Date: April 15, 2035
Guarantor		None
Trustee		CTBC Bank
Underwriter		HSBC Bank (Taiwan) Company Limited
Legal Counsel		Hui-Chi Kuo
Auditor		Deloitte & Touche Ya-Ling Won and Chih-Ming Shao
Repayment		Bullet
Outstanding principal		NT\$ 20,000,000,000
Terms for redemption or early repayment		None
Covenants		None
Credit rating		twA+ (Taiwan Ratings Corporation, April 25, 2019)
Other Bondholder Rights	Amount of converted or exchanged ordinary shares, global depository receipts, or other securities	None
	Conversion rights	None
Dilution effect and other adverse effects on existing shareholders		None
Custodian		None

Note 1 : On February 27, 2020, the Board of Directors authorized the issuance of unsecured corporate bonds with a total value not exceeding NT\$ 30 billion. The bonds may be issued on a lump-sum basis or on installment basis. On April 15, 2020, NT\$20 billion in unsecured corporate bonds were issued. On September 16, 2020, the Board of Directors authorized the issuance of unsecured corporate bonds with a total value not exceeding NT\$ 10 billion in Taiwan and/or with a value not exceeding US\$ 0.33 billion overseas. Up to publication date of this annual report, the authorized but unissued corporate bonds is NT\$ 10 billion.

Note 2 : On September 16, 2020, the Board of Directors authorized the issuance and/or private placement of unsecured green and/or social responsibilities corporate bonds with a total value not exceeding NT\$ 15 billion (USD equivalent) in Taiwan or overseas. Up to the publication date of this annual report, the authorized green and/or social responsibilities corporate bonds haven't been issued.



As of March 20, 2021. Unit: US\$

Item	Type	First Series Overseas Unsecured Convertible Corporate Bond (2018)
Issuance Date		December 10, 2018
Face value		US\$ 200,000
Listing exchange		Singapore Exchange Limited (SGX)
Offering Price		US\$ 100 per unit at par
Total Amount		US\$ 400,000,000
Coupon Rate		0%
Term and Maturity Date		Term: Five years Maturity Date: December 10, 2023
Guarantor		None
Trustee		Citibank
Underwriter		JP Morgan Securities plc
Legal Counsel		Hsin-lan Hsu
Auditor		Deloitte & Touche Ya-Ling Wong and Chih-Ming Shao
Repayment		Unless earlier redeemed, repurchased and cancelled, or converted, the bonds will be redeemed at maturity at par
Outstanding principal		US\$ 177,900,000
Terms for redemption or early repayment		(a) The Issuer may redeem the bonds, in whole or in part, anytime between two years after the issuance date and the maturity date, at the Early Redemption Price. However, the product of the Early Redemption Price multiplied by the prevailing Conversion Price must be greater than 130% of the Closing Price of the Issuer's ordinary shares on the TWSE for 20 days out of a 30 trading days period.  (b) The Issuer may redeem all of the bonds at the Early Redemption Price in the event that more than 90% of the bonds have already been early redeemed, converted, repurchased or cancelled.  (c) If the Issuer is subjected to paying additional amounts with respect to the bonds due to certain changes in tax laws, the issuer may redeem all of the Bonds at the Early Redemption Price. If the bondholders elect not to have their bonds redeemed, the Issuer will not reimburse these bondholders for any additional tax or costs incurred.
Covenants		None
Credit rating		None

Item	Type	First Series Overseas Unsecured Convertible Corporate Bond (2018)
Other Bondholder Rights	Amount of converted or exchanged ordinary shares, global depository receipts, or other securities	222,100,000
	Conversion rights	Unless earlier redeemed, repurchased, and except during the Conversion Suspension Period (as defined below), the bonds may be converted into newly-issued Ordinary Shares anytime between three months after the Issuance Date and ten days before the Maturity Date (the "Conversion Period") upon request by the bondholders.  Under current ROC laws and regulations, the Conversion Suspension Period is defined as:  (a) The 60-day period prior to the date of the Company's annual general shareholders' meeting or the 30-day period prior to the date of the Company's special shareholders' meeting.  (b) The 15-day period prior to the issuance of bonus shares, the distribution of cash dividends, or the completion of equity financing.  (c) The period from the date the capital reduction plan was approved to the date before the new shares are traded.  (d) The periods where transfers are suspended by ROC and TWSE laws and regulations.  (e) If there are any changes to the laws and regulations governing the suspension of transfers, the updates shall apply prospectively.
Dilution effect and other adverse effects on existing shareholders		If all of the bonds were converted to Ordinary Shares, the potential dilution impact will be approx. 5.94%. Although the bonds will bring about a future dilution of the Company's capital and EPS, TCC will benefit from a strengthened capital structure.
Custodian		None



4.10.2 Convertible bonds:

Types of Corporate Bond		First Series Overseas Unsecured Convertible Corporate Bond (2018)			
Item	Year	At issuance date	2019	2020	2021 (Note)
	Market price	High	US\$101.083	US\$127.453	US\$148.845
Low		US\$101.083	US\$102.622	US\$106.117	US\$138.541
Average		US\$101.083	US\$113.723	US\$131.209	US\$ 144.339
Conversion price (NT\$/share)		NT\$41/share	NT\$35.49/share	NT\$ 31.93/ share NT\$ 35.49/ share	NT\$ 31.93/share
Issuance date and conversion price at issuance date		Issuance date: December 10, 2018 Conversion price: NT\$ 41/share			
Conversion method		Issuance of new shares			

Note: Information in 2021 was dated to March 20, 2021.

4.10.3 Exchangeable bonds: None.

4.10.4 Shelf Registration for Issuing Bonds:None.

4.10.5 Corporate bonds with warrants:None.

4.11 Preferred shares

4.11.1 Preferred shares

As of March 20, 2021

Item	Issuance Date	December 13, 2018	
	Taiwan Cement Corp. Series 2 Preferred Shares (TWSE: 1101B)		
Face value	NT\$ 10		
Issued price	NT\$ 50 per share		
Number of shares	200,000,000 shares		
Total amount	NT\$ 10,000,000,000		
Rights and obligations	Dividends	<p>1.Dividends: Holders of Series 2 Preferred Shares will be entitled to receive, when and as declared by the board of directors, dividends at a rate of 3.5% per annum (5-year IRS 0.9375% + fixed rate 2.5625%). The IRS rate will be reset every 5 year based on the average rate of PYTWDFIX and COSMOS3 of Reuter at 11:00 am on the date which is two business days prior to the interest rate reset date. If no such rate can be obtained, the company will determine the rate based on reasonable market price with good faith.</p> <p>2.Dividend payment:</p> <p>(1) The dividends of Series 2 Preferred Shares, when and as declared by the board of directors, will be distributed annually in cash. The board of directors shall determine the dividend record date and payment date. Dividend payment shall be pro-rated based on the actual number of days the Series 2 Preferred Shares is outstanding in the year of issuance and the year of redemption.</p> <p>(2) If the Company made profits in a fiscal year, the profits shall be used to pay outstanding taxes and offset prior years' losses. The Company is also required to set aside and may set aside or reverse special reserve as required by laws or regulations. The remaining profits in the fiscal year together with any undistributed retained earnings may be allocated to Series 2 Preferred Shares.</p> <p>(3) Dividends on the Series 2 Preferred Shares are discretionary. The company may decide not to declare dividends on preferred shares under the following circumstances: (a) there are no profits in the fiscal year, or (b) the profits in the fiscal year are insufficient to cover preferred shares dividend distribution. In the event dividends are not declared, it shall not constitute a breach of contract.</p> <p>(4) Dividends on the Series 2 Preferred Shares are not cumulative and will not be mandatory. In the event dividends are not declared for payment, or are declared but are insufficient, in respect to any dividend period, such dividends shall not be cumulative.</p> <p>(5) In addition to (3) and (4), holders of Series 2 Preferred Shares are also not entitled to ordinary share cash or share dividends derived from retained earnings or capital reserves.</p>	
		Liquidation preferences	Of the assets available to be distributed to the Company's shareholders, preferred shareholders are entitled to be paid (i) simultaneously and on pari passu basis with other classes of preferred shares; and (ii) before any distribution shall be made to ordinary shareholders. The liquidation amount shall not exceed NT\$50 per share.
		Voting rights	Preferred shareholders have no voting rights at the shareholders' meeting but may be elected as directors. Preferred shareholders have the right to vote in the preferred shareholders' meeting or vote on matters that pertain to their rights and obligations at the general shareholders' meeting.
		Others	Preferred shareholders have the same pre-emptive rights as ordinary shareholders to purchase newly issued shares before they are offered to the others.





Item		Issuance Date	December 13, 2018 Taiwan Cement Corp. Series 2 Preferred Shares (TWSE: 1101B)
Outstanding preferred shares	Amount of redeemed or converted shares		NT\$ 0
	Amount of unredeemed or unconverted shares		NT\$ 10,000,000,000
	Redemption or conversion rights	1. Preferred shares are non-convertible and shareholders shall not request the Company to redeem the preferred shares. 2. Preferred shares may be redeemed by the Company, in whole or in part, five years of issuance, at the issuance price. The rights and obligations will remain the same for the unredeemed preferred shares.	
Market Price per share	2020	High	NT\$ 55.10
		Low	NT\$ 50.40
		Average	NT\$ 53.98
	2021 (Note)	High	NT\$ 53.90
		Low	NT\$ 53.10
		Average	NT\$ 53.50
Other preferred shareholder rights	Amount of converted shares	Not applicable as preferred shares are non-convertible	
	Conversion rights	None	
Dilution effect and other adverse effects on existing shareholders			None

Note: Information in 2021 was dated to March 20, 2021.

4.11.2 Preferred shares with warrants: None.

4.12 Global Depositary Receipts (GDR):

There is no issued but unredeemed GDR as of March 20, 2021.

4.13 Status of employee share option plan: None.

4.14 Status of employee restricted share: None.

4.15 Status of new share issuance in connection with mergers and acquisitions: None.

4.15.1 The evaluation opinion of securities underwriter and the status of execution for new share issuance in connection with mergers and acquisitions in the most recent quarter: None.

4.15.2 Information of company in connection with mergers and acquisitions: None.



## 4.16 Financing plans and implementations:

### 4.16.1 Describe the plan and the implementations:

(A) The issuance of First Series Unsecured Bond (2018):

1. Use of proceeds: To provide additional funds for operations and invest in domestic or overseas companies.
2. Regulatory approval: Zheng–Guei–Zai–Zhi No. 10700148971 dated June 21, 2018
3. Total budget: NT\$ 12,000,000,000
4. Source of funds: the issuance of unsecured bonds for NT\$ 12,000,000,000
5. Implementation status:

Unit: NT\$ thousands

Plan for the use of proceeds	Implementation status		As of December 31, 2020	Reasons for deviation from the plan
	Amount	Budget		
Provide additional funds for operations	Amount	Budget	5,000,000	Proceeds were fully spent in 2018 Q4.
		Actual	5,000,000	
	Percent spent (%)	Budget	100.00%	
		Actual	100.00%	
Invest in domestic or foreign subsidiaries	Amount	Budget	7,000,000	The spending fell behind budget by NT\$ 3,900,000,000 because the Company's subsidiary is still in the development phase and has yet to require additional capital injection. The remaining balance will be allocated to the subsidiary when it is ready to embark on capital spending projects.
		Actual	3,100,000	
	Percent spent (%)	Budget	100.00%	
		Actual	44.28%	

(B) The issuance of First Series Unsecured Bond (2020):

1. Use of proceeds: To repay debt and reduce financial leverage
2. Regulatory approval: Cheng–Kuei–Chai–Tzi No.10900027801 dated April 6, 2020
3. Total budget: NT\$ 20,000,000,000
4. Source of funds: the issuance of unsecured bonds for NT\$ 20,000,000,000
5. Implementation status:

Unit: NT\$ thousands

Plan for the use of proceeds	Implementation status		As of December 31, 2020	Reasons for deviation from the plan
	Amount	Budget		
Repayment of debt	Amount	Budget	20,000,000	Proceeds were fully spent
		Actual	20,000,000	
	Percent spent (%)	Budget	100.00%	
		Actual	100.00%	

### 4.16.2 Evaluate the effectiveness of the plan:

(1) To use the proceeds from the issuance of First Series Unsecured Bond (2020) to provide additional working capital for the Company and repay the Company's debt:

Unit: NT\$ thousands

Financial metrics	2019 (Pre-implementation)	2020 (Post-implementation)	Increase/(decrease)
Current assets	118,145,990	124,309,171	6,163,181
Current liabilities	66,532,743	72,103,708	5,570,965
Total liabilities	159,020,518	170,676,183	11,655,665
Total equity	193,684,068	204,071,817	10,387,749
Interest expense	2,199,118	1,986,208	(212,910)
Net revenue	122,783,014	114,367,247	(8,415,767)
EPS (NT\$)	4.22	4.32	0.10
Long-term funds to property, plant and equipment (%)	334.83	344.59	9.76

As presented in the table above, the Company increased its EPS by NT\$ 0.10 from 2019 to 2020 and improved its financial structure; therefore, the Company's plan was effectively implemented.

(2) To use the proceeds from the issuance of First Series Unsecured Bond (2018) to invest in domestic or overseas subsidiaries:

Majority of the proceeds spent to date were used to invest in TCC Green Energy Corp. In 2020, it has increased the subsidiary's capacity of 16.5MW of renewable energy power plants, including solar power plant capacity and onshore wind power plant capacity by 2.1MW and 14.4MW, respectively. In 2020, the total capacity reached 35.7 MW. However, there has been a delay in the overall development and construction of power plants. As a result, TCC Green Energy Corp. has yet to generate profits from its core operations. Presented below is TCC's share of TCC Green Energy Corp's losses recognized from 2018 through 2020:

Unit: NT\$ thousands

2018	2019	2020
-50,285	-65,302	-14,777



# Chapter 5

## Operations overview

### 5.1 Business activities

#### 5.1.1 Scope of business

TCC's core business is the manufacturing and sale of cement, in addition to the provision of a full range of services by its energy, chemicals, and other divisions. The following outlines the operational focuses of each division:

Cement Division – production, manufacture and sale of cement.

Chemicals Division – manufacture and sale of chemicals for commercial and industrial use.

Energy Division – planning, development and operation of solar, wind, and geothermal power plants.

Others – including sea and land freight services, the production and sale of refractories, and environmental protection and pollution prevention services.

Division	Main products	Proportion of operations
Cement	Cement and R.M.C.	76.9%
Chemical engineering	Cumene, phenol, acetone	7.4%
Energy	Supply of electricity	12.5%
Others	Freight and logistics	3.2%
Total		100.0%

#### 5.1.2 Industry overview:

##### 5.1.2.1 Cement Division

###### Current status and future development:

The cement industry in Taiwan is well established and driven by consistent market demand. Following the expiry of mining permits in western Taiwan in 1997, manufacturing capacity there gradually ceased, with the industry production capacity of cement rotary kilns currently totaling 20.24 million tons. According to statistics from the Cement Manufacturers' Association, its member companies produced a combined total of 11.79 million tons in 2020, and domestic consumption was 12.11 million tons for the year. In other words, each person consumes, on average, 514 kg of cement per capita per year in Taiwan.

Going into 2021, the COVID-19 pandemic will continue to impact global markets, and economic growth in Europe and the US will likely remain tepid, while emerging markets are expected to see continued growth. Despite China's relatively effective control of COVID-19, the US-China trade dispute still poses significant economic uncertainty that will put a damper on the growth outlook. Because of Taiwan's successful handling of the pandemic and the gradual return of Taiwanese

businesses from the Chinese market, Taiwan will see steady economic growth on increasing levels of economic activity as well as imports and exports. Investments by the high-tech sector will also continue to grow. Notwithstanding the impact of the government's recent tightening of housing mortgage rules, the real estate market remains relatively optimistic due to the availability of abundant capital funds and low interest rates. The construction industry will also benefit from overseas Taiwanese businesses returning to invest in Taiwan, which has created high demand for building new factories and plants. Furthermore, the government's Forward-Looking Infrastructure Development Program will also give a boost to construction activity.

###### Relationship with up-, mid- and down-stream companies:

The upstream sectors in the cement industry include the quarrying of raw materials such as limestone and clay, metal mining with silica sand, steelmaking with cinder and furnace slag, non-metal mining with gypsum and limestone, and coal-fired power generation with fly ash and flue gas desulphurization (FGD) gypsum. The key midstream sectors include electricity supply, gas fuel supply, rail freight transport, trucking, and maritime transport. The downstream sectors that require cement include construction, R.M.C., cement-made products (such as concrete pipes, concrete bricks, gypsum, asbestos-cement pipes, and asbestos tiles), and other sectors (e.g. oil and gas drilling geological engineering).

###### Product trends and competition:

Type I general-purpose cement is the most widely consumed type of cement in Taiwan. Due to the continuous push for infrastructure projects by public enterprises in recent years, demand for specialty cement has increased significantly. However, the increasing use of fly ash and powdered furnace slag in place of cement by concrete batching plants since 1995 has also considerably impacted cement demand.

##### 5.1.2.2 Chemical Engineering Division

###### Current status and future development:

A total of 16 new phenol/acetone plants were established in Taiwan from 2012 to 2020, though the wave of expansion has recently slowed. Between 2017 and 2020, further investments were made to increase the production capacity of downstream products, such as cyclohexanone, bisphenol A (BPA), and polycarbonate (PC). Even though these investments helped to re-balance the market oversupply of phenol/acetone, the chemical industry has seen a decline in demand amid the COVID-19 pandemic.

The TCC Group has decided to dispose of all the shares of the chemical engineering division, approved in the BOD meeting on March 19, 2021, considering the business model, financial structure and the comprehensive interests of the TCC Group. After the approval from the authorities, the Company will proceed to the settlement of the shares and there won't be a chemical engineering division anymore.

###### Relationship with up-, mid- and down-stream companies:

(1) Complete and interconnected industry value chain

Phenol is mainly supplied to petrochemical downstream sectors to produce synthetic fibers, engineering plastics, industrial solvents, electromechanical products, construction materials, automotive materials, specialty chemicals, and pharmaceuticals. Phenol is made up of propene and benzene, which is supplied by the upstream sector of the petrochemical industry. As Taiwan's



petrochemical industry has been systematically developed over a long period of time, its value chain covering the up-, mid-, and downstream sectors is reasonably complete and highly interconnected.

#### (2) Product versatility

Petrochemical products are widely used in both industrial and consumer goods. As well as supplying primary petrochemicals to midstream industries, secondary petrochemicals are also supplied after further processing to make consumer goods for downstream sectors like food, clothing, housing, and transportation. Relevant sectors, such as the plastic industry, provide raw materials for producing construction materials, electromechanical products, motor vehicles, entertainment equipment, electrical wires and cables. The synthetic fiber industry provides raw materials for clothing, agricultural and fishery equipment, and tires. Industrial solvents can be used in food processing, food additives, printing ink, paints and coatings, and pesticides. These are also used in the production of fertilizers, cleaning agents, pharmaceuticals, medical devices, OA equipment, bonding agents, containers, and so on.

#### (3) Interrelations between upstream raw materials and phenol products

Phenol products are made from propene and benzene obtained through naphtha cracking. Benzene is then converted to cumene (isopropylbenzene) by alkylation, from which phenol and acetone are produced by means of oxidation, cracking, separation, and purification. Then, the synthetization of phenol and acetone produces BPA. Finally, cyclohexanone products are created through hydrogenation of phenol.

#### (4) Interrelations between phenol products and downstream industries

Phenol is widely used in many industries for various purposes. Domestically, isopropylbenzene is also used in producing cross-linking agents for plastics. Phenol is mainly used to produce phenol formaldehyde resin, which is the raw material for products such as adhesives and printed circuit boards (PCBs). Acetone is not only the main ingredient for producing methyl methacrylate (MMA), which is required in making acrylic, but it is also a solvent. In addition, BPA is used when producing epoxy and PCBs as well. Alternatively, it is also a key ingredient for producing PCs. Cyclohexanone is predominantly used in producing caprolactam (CPL) and organic solvents.

#### Product trends:

Phenol	Global phenol demand grew by approximately 2.8%. Demand for phenol in Asia, which is heavily driven by the demand for BPA and PC, increases steadily each year. In terms of global demand, BPA ranks first followed by phenol formaldehyde resin and CPL.
Acetone	Given the global expansion of capacity in phenol production, there is an abundant supply of acetone, which is commonly used in the production of MMA and propylene glycol. It also plays a big role in the solvent market. Demand for isopropanol (IPA) as an alternative disinfectant has also increased amid the COVID-19 pandemic.
Bisphenol A (BPA)	Annual growth in global demand is around 3%–4%, with BPA mainly supplied to PC and epoxy manufacturers of. It is also used in making products such as flame retardants, unsaturated polyester resin (UPR), polyacrylate, polyamide (PI), and polysulfone (PSF). The increasing usage of wind turbine blades in recent years has also increased demand for epoxy resin, which in turn has driven demand for BPA.
Cyclohexanone	It is a key intermediate of CPL and also serves as a solvent. As demand in the Chinese market for polybutylene adipate terephthalate (PBAT) is increasing rapidly, the adipic acid used in its production will also drive growing demand for cyclohexanone.
Maleic anhydride (MA)	Apart from being a widely used chemical intermediate in UPR, butanediol (BDO), tetrahydrofuran (THF), and gamma-butyrolactone (GBL), MA is also used in the production of coatings, lubricant additives, pesticides, tartaric acid, succinic acid, anhydride, tetrahydrophthalic anhydride (THPA), and modified rosin. Demand for MA is steadily growing each year. As Chinese market demand for polybutylene adipate terephthalate (PBAT) rises rapidly, the butanediol (BDO) used in its production will also drive demand for MA.

#### Product competition:

Phenol	Major domestic competitors include Formosa Chemicals & Fibre Corp. and the Chang Chun Group. Taiwan has a total production capacity of 1.1 million tons, but there is an oversupply of phenol, as in other Asian countries like Japan and South Korea. The excess supply of phenol is mainly exported to China, India, and Southeast Asia. However, there are high barriers of entry into Southeast Asian markets as they are dominated by Japanese suppliers. Furthermore, the problem of oversupply will worsen worldwide as China adds capacity to supply the market. As phenol is mostly supplied domestically for the production of BPA and cyclohexanone, and only a limited quantity is exported annually, TCC is relatively resilient in this regard.
Acetone	The supply of acetone outweighs demand, and prices are driven by market demand. To maintain a competitive edge, TCC's chemicals division has hired domestic research institutions to explore ways to reuse acetone and provide solutions for the oversupply problem.
Bisphenol A (BPA)	Major domestic competitors are Nanya Plastics and the Chang Chun Group. Taiwan has a total production capacity of 800,000 tons, and supply outweighs demand, as also experienced in Japan, and South Korea. Therefore, the surplus BPA is exported to China, India, Southeast Asia, and other emerging markets.
Cyclohexanone	The Sinopec Group is a major competitor domestically, and Chinese cyclohexanone suppliers are main competitors to TCC in terms of exports of cyclohexanone. Apart from being mainly used in the production of CPL, cyclohexanone is also used as a solvent.
Maleic anhydride (MA)	The main domestic competitors include Nan-Ya Plastics and Excel Chemical Corp. MA is mainly used in the production of UPR, of which there is an excess supply. As part of diversification efforts, TCC's chemicals division continues to innovate and transition into the production of solvents for use in the electronics industry.

#### 5.1.2.3 Energy Division

##### Current status and future development:

A stable supply of electricity and the power industry's ability to sustainably develop are crucial to be able to meet household needs, maintain market competition, protect the environment, and enhance national security. The government opened up power generation to private enterprises in 1995, but there have not been any significant change in the overall structure of the electricity industry since 2009. As a state-owned enterprise, Taiwan Power Company (Taipower) monopolizes

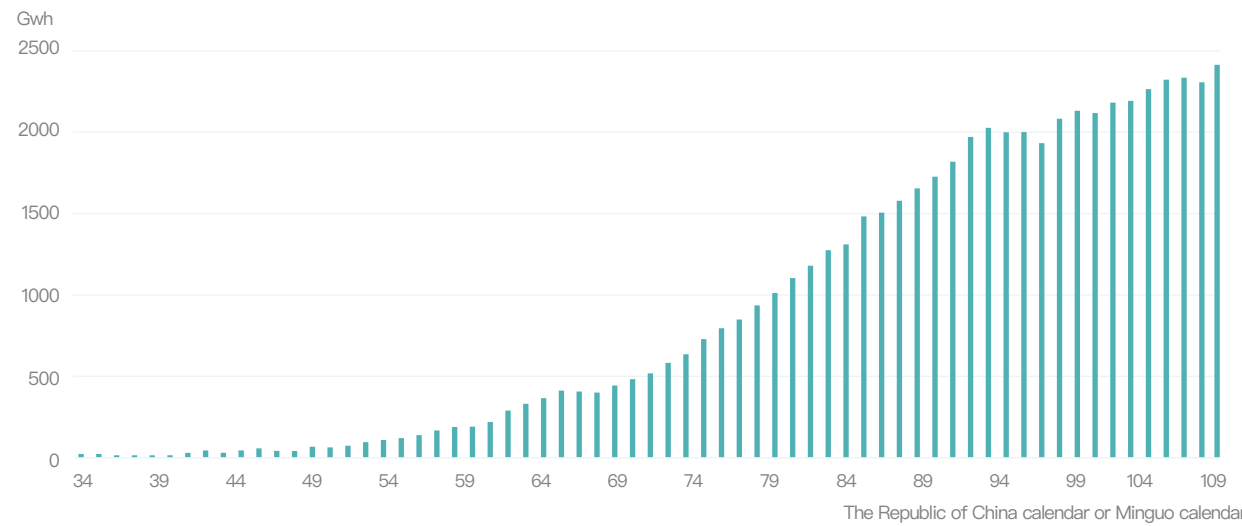




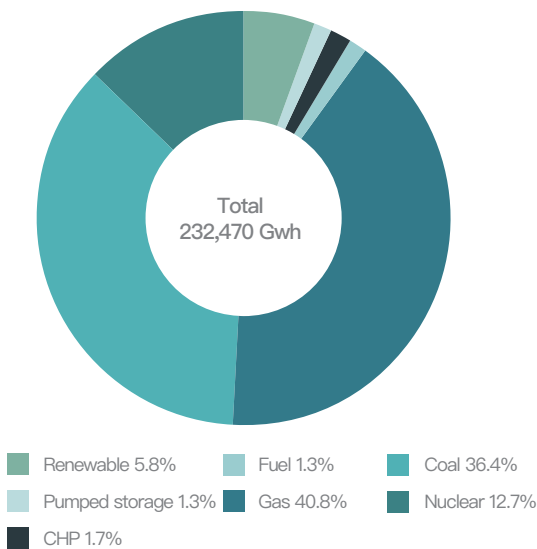
Taiwan's integrated electricity market. When Taipower supported national economic developments under the Long-Term Power Development Plan, electricity demand increased strongly as the domestic economy began to flourish after 1989 (as illustrated below). Due to higher demand, the reserve margin dropped rapidly and even at times below the government's target reserve margin of 15% (see chart below). Particularly in the summer of 2017, electricity reserves were so low that rolling power outages were enforced. This discouraged businesses from further investing in Taiwan and negatively impacted its long-term economic growth prospects. Fortunately, after several additional power plants were activated throughout Taiwan in 2019 and 2020, including Tongxiao New Combined Cycle No. 2, Linkou New Power Plant No. 3, Dalin Power Plant No. 2, and Tongxiao New Combined Cycle No. 3, the actual reserve capacity returned to reasonable levels above the target reserve margin especially compared to 2017.

**Taipower energy generation 1945–2020**

(Source: Taipower website)

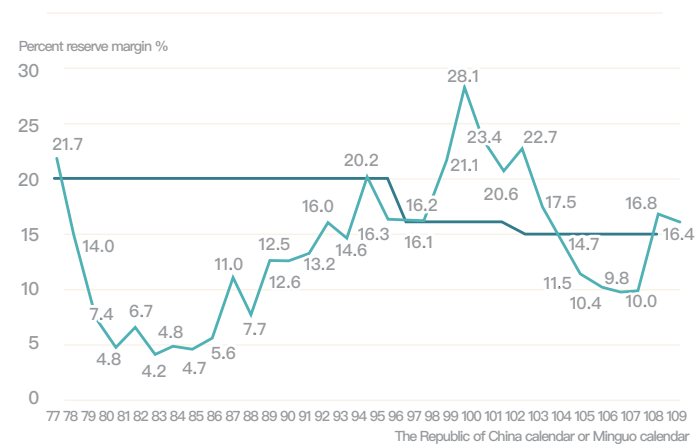


**Structure of Power Generation of 2020**



(Source: Taipower website)

**Reserve margin (%)**



Percent reserve margin = (Net peaking capability - Peak load)/Peak load

NOTE: The MOEA agreed to reduce the percent reserve margin to 15% in 2012

— Percent reserve margin (government approved target value)  
 — Percent reserve margin (past performance)

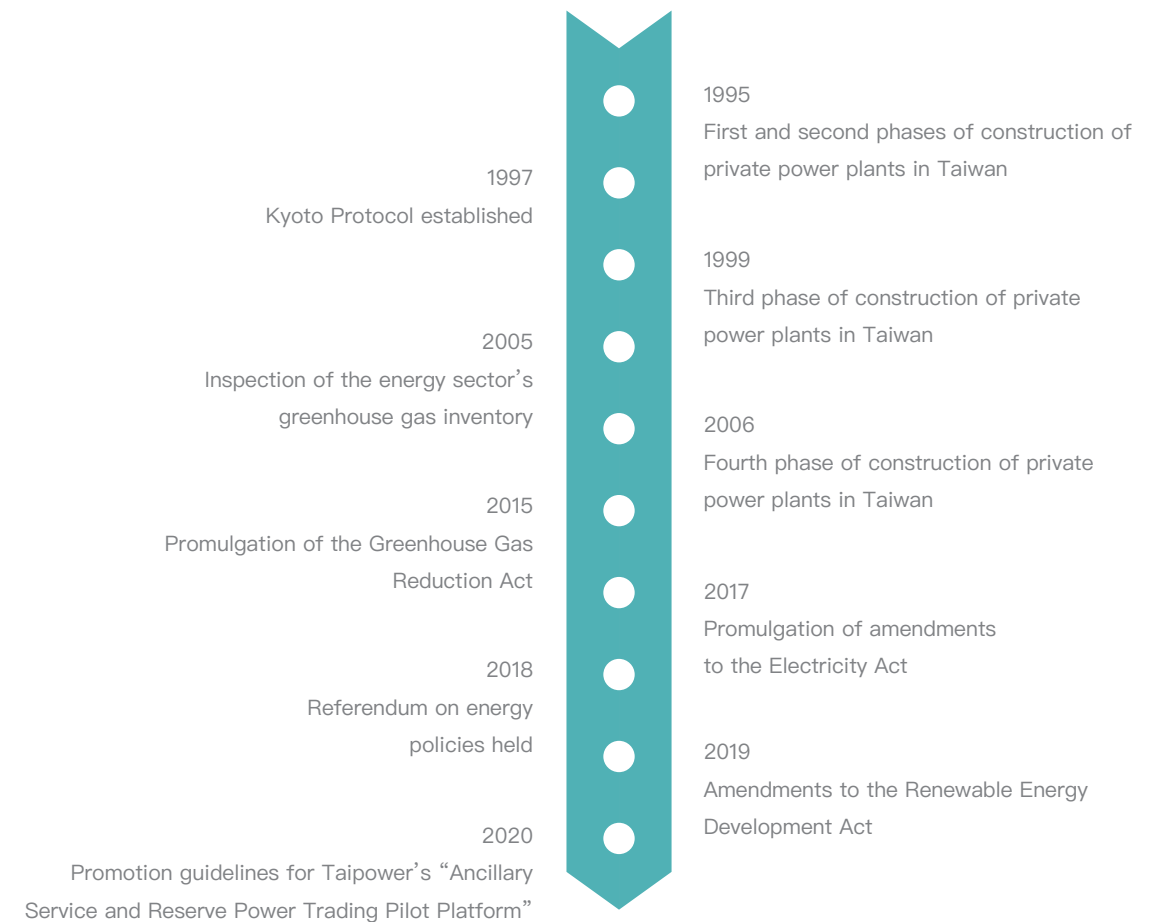
(Source: Taipower website)

The steady rise in global fossil fuel prices since 2006 has severely impacted the electric power industry. Also, growing societal concerns about global warming have prompted a push toward the low-carbon economy, low-carbon energy, and low-carbon electricity as part of global development goals. Since Taiwan struggles with a shortage of self-sufficient energy supply, and to ensure the electricity sector develops sustainably in the age of carbon footprint minimization, electricity suppliers are transitioning into low-carbon power generation and campaigning for energy conservation and energy efficient living. Currently, Taiwan's electricity sector has entered an era of energy saving and carbon reduction.

With minor and incremental changes in 1965 since the passage of the 1947 Electricity Act, this has led existing electricity providers to become long-term monopolies in the integrated electricity market. This in turn has slowed the progress of deregulation, and suppressed market competition as well as prevented the adoption of performance benchmarks. In order to keep up with global reforms in the electric power market and support Taiwan's economic growth, the Legislative Yuan finally amended the Electricity Act on January 26, 2017 to deregulate the electricity supply, and push the transition to renewable energy.

The Bureau of Energy (BOE) has also begun to amend the relevant regulations and establish supportive measures. TCC's Energy Division will continue to closely monitor the progress of regulatory developments in the electricity market in order to effectively plan and fine-tune our long-term strategy.

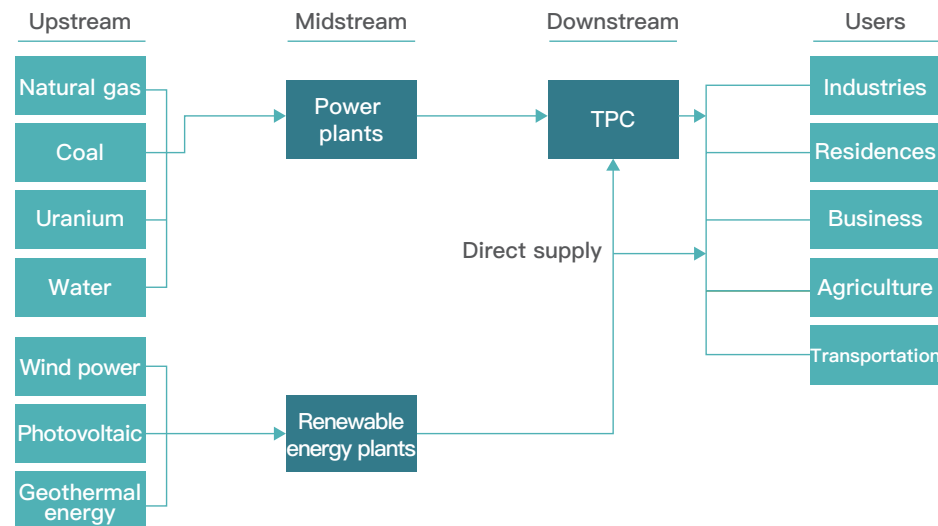
**Recent major events in Taiwan's electricity sector are highlighted below:**





### Relationship with up-, mid- and down-stream companies:

The chart below highlights the various electricity generation methods that are currently available in Taiwan. After deregulation, multiple new independent power producers (IPPs) entered the market, particularly in the renewable energy sector. In line with the government's renewable energy policies, the Energy Division is actively investing in the planning and installation of renewable energy power plants.



### Product trends:

After the 2015 UN Climate Change Conference, all member states agreed on the necessary urgency for rapid reduction of global greenhouse gas emissions. To achieve that, the electricity industry's dependence on petrochemicals must be reduced to effectively minimize carbon emissions, and a more autonomous and diversified energy sector must be developed so that Taiwan can reduce its reliance on imported energy. According to the 2018 National Electric Power Supply and Demand Report by the Bureau of Energy, the government is actively pushing the development of Taiwan's renewable energy sector. The target is to maintain a stable supply of electricity and by 2025 to generate 20% of the nation's electricity from renewables, 50% from natural gas, 27% from fossil fuels, and 3% from low-carbon energy sources.

### Renewable energy:

Taiwan's renewable energy sector is benefiting from the government's active push for renewables under its "Nuclear-Free Homeland by 2025" policy, as well as its target of generating 20% of Taiwan's electricity through renewable energy by 2025, which is relatively ambitious compared with that of neighboring countries. For the past ten years, the average annual growth rate of renewable energy generation was 4.3%, while solar and wind power generation grew by 89.6% and 11.1%, respectively. With government support, solar power generation currently has a capacity of 4.15GW with a projected growth of nearly four times that of the government's 2025 target of 20GW. As the onshore wind power market matures and becomes saturated, the feed-in tariff mechanism will gradually be replaced by a free market system. Consequently, the onshore wind power sector will benefit from receiving higher end-user prices than the previously obtained under feed-in tariffs. However, the limitations of wind resources and challenges in developing Tier-1 wind farms will slow down the expansion in wind power capacity.

### 5.1.3 Research and Development

In 2020 and the period from January 1, 2021 to April 30, 2021, TCC invested a total of NT\$29,046,000 and NT\$4,566,000, respectively, in research and development. The following outlines the research and development activities currently being undertaken by each of TCC's major divisions.

#### 5.1.3.1 Cement Division

- TCC established the only professional cement and concrete research laboratory in Taiwan to focus on three main research areas: cement, concrete, and resource recycling.
- In order to strengthen TCC's technical capabilities and competitive advantage in the R.M.C. sector, a TAF-certified concrete laboratory will be built to provide training for quality assurance personnel in order to further enhance TCC's product quality.
- Besides the continued research on developing new products and optimizing the quality of existing products, TCC is also diligently developing technologies in the following areas:
  - Extending the scope of resource recycling: recycled aggregate concrete (RAC), reuse of industrial waste and fly ash from waste incinerators and power plants, and reuse of steel slag in steel plants, as well as the production of refuse derived fuel (RDF).
  - Co-processing of municipal solid waste and hazardous wastes in cement kilns
  - Reducing average energy consumption per unit of output and lower carbon emissions during the manufacturing process.
  - Combining the calcium looping process with the microalgae culture system to create an integrated carbon capture and storage (CCS) system (in which CO<sub>2</sub> is captured, deposited, and reused).
- Successfully developed cement and concrete technologies or products:
  - Mass production of Type II high-performance cement and Types II/V high-strength cement.
  - Mass production of Type IV cement, which complies with the national product quality standards of CNS and special construction requirements. Both the CNS Mark and MIT Smile Logo accreditations were awarded.
  - Development of the mass production capacity of 10,000psi high-performance concrete
  - Development of the mass production capacity of self-compacting concrete
  - Development of the mass production capacity of watertight concrete
  - Technology for the testing and recycling of calcium fluoride sludge (CFS)
  - Technology for testing trace elements in cement.
  - Technology for testing trace elements in slag
  - Technology for the application of sludge ash



- Technology for co-processing municipal solid waste in cement kilns.
  - Technology for reducing build-up, crusts and ring formation in cement pre-heaters and kilns.
  - R&D on technology that generates electricity through thermoelectric heat recovery of waste heat from rotary cement kilns.
  - Expansion of the microalgae culture unit. A clinical trial for developing cosmetics using astaxanthin produced from CO<sub>2</sub> waste has been completed.
  - Completion of a production trial run for four cosmetic products, including the cleansing bubble masks, crystal serum, anti-aging pearl serum, and hydrating energy-boosting cream. The product testing of these cosmetic products has been completed for safety and quality assurance purposes.
  - Development of a series of food products using astaxanthin, including buckwheat noodles, seaweed, litsea cubeba, and seven spice powder (shichimi).
  - The cosmetic ingredients used in developing ASTAROSE products have successfully registered for its INCI name and trade name.
  - The 1.9MW calcium looping carbon capture pilot plant has already completed a 100-hour continuous operation test with carbon capture efficiency of up to 85%–93%.
  - Construction of the new generation 500kW hydration-integrated cascade cyclone calcium looping system has been completed, and has accumulated 1,200 hours of continuous operation.
  - TCC has applied for 31 patents amongst 15 different categories for the calcium looping carbon capture technology.
  - Development of the formulation for cementitious grout, and the promotion of workshops for making arts and crafts with cement.
  - Science-based target setting for emissions reduction.
  - TCC's science-based target for carbon reduction, from 2016, is to reduce Scope 1 and 2 GHG emissions by 11% and 32% respectively, by 2025.
  - TCC implemented product category rules (PCR) for cement products, and was awarded the first ever carbon-footprint label in Taiwan (for Ho-Ping Plant's Type 1 Cement).
- Future R&D plans and projects
- The new generation of calcium looping carbon capture technology: implementation of the plan to obtain certification for R&D efforts in the calcium-looping carbon capture technology, and certification for continuous operation. The objectives of the plan include:
    1. Optimization and system improvements to the system to enhance its operating stability.
    2. Continuous operation testing for the new generation of calcium looping carbon capture system.
    3. Demonstration of a 10MW calcium looping pilot plant by the carbon capture and storage industry, which assists with detailed design planning and extends the scope of work for the industry.

- Development of microalgae culture technology: implementation of the two-year “High Carbon Fixation Efficiency and Microalgae Culture Technology Intelligentization Plan”; which focuses:
  1. Development of a computer-aided framework for carbon fixation.
  2. Integration of microalgae bioenergy and an exploration of opportunities for value addition.
  3. Development of product synthesis technology using two-stage biological carbon fixation procedures.
  4. Assessment of the economic efficiency of producing high unit price products using biological carbon fixation.
- Development of the “TCC Ultra-High Performance Concrete (UHPC) and the Establishment of Cladding Panel Technology” plan. TCC became the first company in Taiwan to acquire the capability to create UHPC products. The key focus includes:
  1. Development of the ideal ratio for TCC's UHPC cladding panels.
  2. Feasibility study on the UHPC's surface modification caused by the carbonation method.
  3. Planning of production equipment at the precast factory.
  4. Development of the process and mass production capacity for manufacturing UHPC.

#### 5.1.3.2 Chemicals Division

- In aligning with TCC's business goals, the Chemicals Division continuously improves its process operations and gradually builds a process simulation system using a simulation software in order to assist with process operations, and to enhance the safety and consistency of processes.
- In fulfilling its corporate environmental responsibilities, TCC has invested in the improvement of process operations with the aim of reducing wastewater and greenhouse gas emissions.
- To maximize the value of chemical production for the company, TCC collaborates with external research institutions to explore value innovation opportunities to create high-value chemical products and to research the relevant application of chemicals within the opto-electronics sector.

#### 5.1.3.3 Energy Division

- TCC's Energy Division primarily focuses on coal-fired power generation. With the mission of reducing emissions, the Division has completed the “Improvement of Boiler Efficiency” project in 2019. At the beginning of 2020, TCC also signed an engineering, procurement and construction (EPC) contract with engineering company CTCI to improve the Air Quality Control System (AQCS) of the coal-fired power plant (No.2).



- The design and planning of the power plant renovations are currently underway. Moreover, the renovations are expected to be completed between 2021 and 2024, and the efficiency of the boiler and AQCS are expected to improve thereafter. To ensure the efficient and stable operation of the power plants, the Division also carried out renovations on both the low-pressure steam turbine and the Distributed Control System (DCS) at the same time.
- As a leader in the renewable energy sector, TCC keeps pace with the government’s energy transition plan and devotes large investments in renewable energy development. Furthermore, TCC Green Energy Corporation actively engages in the development of solar, wind and geothermal power. Currently, the company is pushing for solar power plants and wind farms in Changhua, Yunlin, Chiayi, Tainan and Pingtung, as well as geothermal power plants in Hualien and Taitung.
- To minimize the impact of grid-connected renewable energy systems, TCC is pushing to develop ancillary services for automatic frequency control (AFC), as it has extensive knowledge in battery-based energy storage and ample experience in the energy and renewables sectors. In 2020, TCC Green Energy and E-One Moli Energy jointly won the bid for the “Automatic Frequency Control (AFC) Frequency Regulation Ancillary Services” project tendered by Taipower, which enabled TCC to emerge as the only other contractor in Taiwan to provide services for the capacity of 5MW. This will allow the company to grow its competencies within the realm of energy storage and create valuable opportunities in the energy sector.
- In addition to TCC’s efforts in power generation (including solar, wind and geothermal power), the Company has continuously invested in energy storage. Also, E-One Moli Energy, a subsidiary of TCC, carries out R&D for grid energy storage solutions for smart grids and provides ancillary services, such as load balancing, to ensure a balanced and quality supply of electricity. TCC anticipates investing as much as 2.5% of the Company’s revenues on energy storage R&D.

## 5.1.4 Short- and long-term development

### 5.1.4.1 Cement Division

#### Short-term development:

- (1) As the cement industry in Taiwan has matured over the years, TCC’s organizational strategy will focus on maintaining market share, lowering costs, and increasing profits.
- (2) In China, TCC owns cement plants in Guangdong, Guangxi, Jiangsu, Liaoning, Guizhou, Sichuan, Chongqing, Hunan, and Yunnan, and slag grinding plants in Liuzhou, Fuzhou, and Naxi. The Company’s total production capacity for cement is 74.7 million tons, comprising 64.3 million tons in China and 10.4 million tons in Taiwan. After the privatization of TCC International Holdings in 2017, the Company maintained its regional market share and increased profits by pushing for the development of eco-friendly production processes.
- (3) Apart from the operations in Taiwan and China, TCC also established a wholly-owned subsidiary in the Netherlands called Dutch TCC Holdings, which has entered into a 60:40 joint venture company (JVC) with OYAK Cement of Turkey. It will operate OYAK Cement’s business in Turkey, giving TCC its first presence outside of Asia. Though the unique positioning of Turkey in the Mediterranean region, and with the acquisition of Cimpor Cement in Portugal, as well as the construction of slag grinding plants in the Republic of

Côte d’Ivoire, TCC is slowly paving the way for global expansion.

- (4) By 2019, the JVC completed its acquisition of Portugal’s Cimpor Cement, which operates three cement plants and one slag grinding plant. The plants have the capacity of 5 million tonnes for clinker production and 7.5 million tonnes for cement production. In addition, TCC plans to build a slag grinding plant in the Republic of Côte d’Ivoire that will have production capacity 1 million tonnes, in an effort to maximize its capacity utilization rate as well as increase production efficiency.

#### Long-term development:

- (1) The JVC will be used to expand business throughout the European and African countries, and to search for suitable partners or locations that will help TCC to scale its cement business in new global markets.
- (2) In addition to the construction of cement and slag grinding plants in China, TCC plans to invest in the building of aggregate processing plants, ready mix concrete plants, or in the precast concrete industry, in order to achieve vertical integration.
- (3) TCC aims to maintain its brand image within Taiwan, and at the same time, improve product quality and customer services in the Southern China, Southwest China, and Eastern China regions. TCC will stay rooted in Taiwan but also strengthen its foothold in China by maintaining its position as a leading regional cement manufacturer.
- (4) The rotary kiln’s inherent features of high temperatures, long residence time, and good turbulence make it ideal for processing and treating municipal solid waste, sludge and hazardous waste. Through this, TCC shows its commitment in transitioning towards a circular economy.
  - Projects on “Co-processing of Municipal Solid Waste in Cement Kilns”

–In December 2015, the first special unit built for waste co-processing and recycling in cement kilns began operations at the Anshun plant in Guizhou (run by TCC Anshun Cement Co. Ltd., in Pingba District, Anshun City, Guizhou Province, China). It was listed as the “2016 Key Demo Project on Co-processing of Municipal Solid Waste in Cement Kilns” by the Ministry of Industry and Information Technology and the Ministry of Finance in China.

–A new special unit for waste co-processing and recycling in cement kilns is currently under





construction at the Shaoguan plant in Guangdong (run by TCC Shaoguan Cement Co. Ltd., in Qujiang District, Shaoguan City, Guangdong Province). In July 2016, TCC also entered into a 25-year agreement with the Guijiang district government to co-process the region's municipal solid waste. The Shaoguan waste co-processing facility is expected to begin operations in the third quarter of 2021.

–At the end of 2019, TCC's Ho-Ping Plant signed a contract with the Hualien County Environmental Protection Bureau for the co-processing of municipal solid waste in the region. Subsequently, the first environmental impact assessment (EIA) was conducted in February 2020 and then passed in September 2020. The building permit for the Ho-Ping waste co-processing facility was obtained in March 2021, and the facility will be ready to start operations by mid-2022.

- “Co-processing of solid and hazardous waste in cement kilns” project

–Co-processing of other industrial wastes in cement kilns at the Suao Plant in Taiwan: Given that the plant already co-processes wastes such as calcium fluoride sludge created by the semiconductor sector, bottom ash, fly ash, inorganic sludge, and incinerator bottom ash (IBA) aggregates, the Suao Plant was able to successfully apply for the use of sawdust waste as an alternative fuel and the use of repurposed waste refractories from China Steel Corporation as an alternative raw material. In addition, TCC expanded the use of alternative fuel by reincluding grain chaff, solid recovery fuel (SRF), glycerol (glycerin), and sawdust waste in the processes, as well as replacing clinker with blast-furnace slag. In January 2021, TCC received approval for its Waste Removal Plan and also passed the Waste Recycle Assessment, and began an application for an alteration of the operating permit due to the replacement of stationary pollution sources or a change in raw materials and fuel used.

–Co-processing of other industrial waste in cement kilns at the Ho-Ping Plant in Taiwan: The Hualien county government granted the Ho-Ping Plant an operating permit in February 2019. As the plant already co-processes coal ash from power plants, inorganic sludge from paper mills and silt, the county government granted the Ho-Ping Plant permission to further co-process calcium fluoride sludge created by the semiconductor sector, slag, water treatment sludge, and plastic packaging waste. It is expected that during the fifth modification to the environmental impact statement in February 2021, basic-oxygen-furnace slag, electric-arc-furnace slag, blast-furnace slag, boiler slag, aluminum dross, copper dross and slurry will be added to the list of alternative raw materials; and grain chaff, sawdust and solid recovery fuel (SRF) will be added to the list of alternative fuel.

–Project for the treatment and disposal of 300,000 tonnes of hazardous waste and 30,000 tonnes of water treatment sludge by Guigang (Guangdong Province) TCC Dongyuan Environmental Protection Technology Corp.: The first phase of construction has been completed for the treatment, storage, and disposal facility (TSDF), which has the capacity to process 200,000 tonnes of hazardous waste annually, and a permit has been obtained for the processing of 32 classes and 369 categories of hazardous waste. Due to delays caused by the COVID-19 pandemic, the facility commenced operations in April 2020. In addition, TCC qualified for a five-year operating permit, with the opportunity for renewal, in the processing of 33 classes and 334 categories of hazardous waste.

–Project for the treatment of 15,500 tonnes/year of incinerator fly ash at the Jurong Plant in Jiangsu Province: The project passed an EIA in May 2019, and the construction was commenced in December 2019 and completed in December 2020. The facility is expected to

begin operations of processing incinerator fly ash by the first quarter of 2021.

–Project for the treatment of waste tires at the Jiangsu Jurong Plant (50,000 tons/year): The EIA approval was obtained in December 2019, and it is currently in the process of equipment evaluation and selection.

–Project for the treatment of 50,000 tonnes/year of hazardous waste at the Kaili Plant in Guizhou Province: In February 2019, the Development and Reform Commission granted the Kaili Plant in Guizhou Province a permit to process 50,000 tonnes of hazardous waste per year. In November 2019, an EIA approval was granted by the Ministry of Ecology and Environment in Guizhou Province. The construction of the facility is currently underway, and is expected to begin operations by the third quarter of 2021.

–Project for the treatment of municipal sewage sludge by the Liaoning Cement Plant (60,000 tons/year): The EIA approval was obtained in March 2020.

#### 5.1.4.2 Chemicals Division

##### Short-term Development:

- (1) As the first business to ever produce phenol in Taiwan, TCC's Chemicals Division ensures the delivery of highly consistent product quality and continues to play a decisive role in the market. The division strives to balance supply and demand through having a comprehensive understanding of the market and its trends.
- (2) TCC will focus on increasing its domestic market share, and diversifying and expanding into foreign markets. In an attempt to maximize profits from phenol sales, TCC sells phenol both in bulk and in barrels, and it also exports to clients in China, Japan, South Korea, and Southeast Asia.
- (3) Apart from building good upstream and downstream relationships with suppliers and customers, TCC will also work on providing comprehensive after-sales services to enhance customer satisfaction.
- (4) TCC will adopt a dynamic pricing strategy in cement sales and set flexible prices based on current market prices and demand. When market prices rise, the Division will adjust its cement sales price accordingly in order to maximize profits. When market prices fall, prompt adjustments to the sales price will be made in order to avoid overstocking.

**Long-term Development:**

- (1) In the long run, TCC aims to establish a comprehensive and integrated system that specializes in the production and trade of petrochemicals. TCC will remain committed to its development of downstream chemical products, and increase the use of self-produced chemical products to avoid having obsolete inventory.
- (2) For the business to operate sustainably and remain competitive in the market, TCC will invest heavily in production equipment, product innovation, and capacity expansion, as well as lower the unit cost of chemical products.

**5.1.4.3 Energy Division****Short-term development:**

- (1) Commitments made in the Energy Division's ISO 14001 environmental policy:
  - Compliance with environmental laws and regulations, and commitment to TCC's EIA report in order to prevent public nuisance disputes.
  - Continuous upgrade of pollution control equipment to improve efficiency and effectiveness.
  - Execution of effective waste management, reduction and recycling.
  - Pollution prevention efforts through periodic audits and self-assessments.
  - Establishment of an Environmental Management System (EMS) outlining the procedures that will improve TCC's impact on the environment and public health.
  - Ongoing training and public reporting on TCC's efforts in environmental protection.
  - Enhance business transparency through conducting open house events to allow the public to see first-hand TCC's efforts in environmental protection.
- (2) Implementation of the ISO 9001 Quality Management System (QMS):
 

Through the implementation of the QMS, TCC is committed to regularly upgrading its power plants and delivering high quality energy services to clients.
- (3) Implementation of the NOSA Integrated 5-Star Management System for occupational health and safety:
 

Through implementation of the NOSA 5-Star System for managing occupational health, safety and environmental risk, TCC is committed to creating a safe and healthy workplace for its employees, mitigating the risk of occupational accidents, and preventing workplace safety violations.
- (4) Operational focus on grid-connected power plants. The relevant building permits have already been granted for the construction of power plants.

**Mid-term development:**

When retrofitting the low NOx burner to the coal-fired power plant (No.2), TCC will make the necessary improvements in order to enhance boiler efficiency.

**Long-term development:**

- (1) Improvements to air quality control systems (AQCS):

TCC has set emissions reduction targets, and assessed and proposed measures to achieve them.

Item	NOx ppm	SOx ppm	PM mg/Nm <sup>3</sup>
Current standard	50	50	20
Target after emission reduction	23	23	7
Assessed technology improvement plans	<ul style="list-style-type: none"> <li>◆ Increase the volume of catalyst reactors.</li> <li>◆ Invest in low NOx burners.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Retrofit the flue-gas desulphurization (FGD) absorption towers.</li> <li>◆ Adopt leak-free gas-fired unit heaters.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Include more wet electrostatic precipitators.</li> </ul>

The goal is to achieve the targets set out in the AQCS for both coal-fired power plants No.1 and No.2 by 2022 and 2024, respectively.

- (2) Constructing additional renewable energy power plants and engaging in the planning and investment of various renewable energy projects to increase profits:
 

Continue to search for suitable locations in Taiwan in order to install additional machines for renewable power generation, and construct and invest in renewable energy power plants while increasing their power generation capacities.
- (3) TCC's long term renewable energy goals will focus on the development of solar power plants in southern and central Taiwan, energy storage R&D and development of geothermal power plants.

**5.2 Market and sales overview****5.2.1 Market analysis****5.2.1.1 Cement Division****Sales by market, market share, and market analysis of major products:**

Cement and R.M.C. are the main products sold by TCC domestically and internationally. Domestic cement consumption was 12.11 million tonnes in 2020, which was 730,000 tonnes or 6.41% higher than the 11.38 million tonnes consumed in 2019. TCC's domestic sales of cement and clinker (including those consumed by TCC's own R.M.C. plants) were 4.55 million tonnes in 2020, which is 7.82% higher than the 4.22 million tonnes in 2019, giving TCC a market share of 37.57%. The domestic cement market was boosted in 2020 by the government's Forward-Looking Infrastructure Development Program, with the rising demand for infrastructure projects benefiting the construction industry. The sales price of cement remained relatively stable.



The ICT and manufacturing industries in Taiwan remain fairly optimistic about growth prospects, despite the challenges posed by the deterioration of Cross-strait relations, US-China trade war uncertainties, and the COVID-19 pandemic, as well as the government's recent tightening of housing mortgage rules. Domestic cement consumption for 2021 is expected to be around 12 million to 12.5 million tonnes, with TCC expecting to sell 4.7 million tonnes of cement and clinker domestically in 2021.

TCC's most exported products are cement and clinker in bulk. In 2020, TCC exported 1.27 million tonnes of cement and clinker, down just 0.78% compared with 1.28 million tonnes in 2019. TCC's major export markets are Mauritius, Australia, the Philippines, Malaysia, and Hong Kong. Due to factors such as growing demand in emerging markets, increasing production capacity in Africa and Southeast Asia, and lower cement production in China, 13 million tonnes of cement are expected to be exported in 2021. However, if China reduces cement imports, the global market price for cement will likely fall as a result. TCC has already entered into export agreements with countries mainly in Africa and Southeast Asia, and prices will remain unchanged with the sales volume set to be reduced in line with the government's plan to reduce Taiwan's cement export cap.

The aggregate quantity of cement sold in 2020 was 5.83 million tonnes, which was an increase of 5.81% over the 5.51 million tonnes sold in 2019. The main reasons for higher demand were the government's Forward-Looking Infrastructure Development Program and the gradual return of Taiwanese businesses from the Chinese market. TCC's strategy for 2021 is to increase profits as well as domestic cement sales, and the Company aims to sell 6 million tonnes of cement in 2020, for an annual increase of 2.92%.

Also, TCC sold 5.43 million cubic meters of R.M.C. in 2020, up by 230,000 cubic meters or 4.42% over 5.2 million cubic meters in 2019. Given that the R.M.C. will be widely used in the construction of residential properties, factories and public infrastructure projects, TCC anticipates to maintain the sales volume of R.M.C. at around 5.43 million cubic meters in 2021 which approximates to that in 2020.

#### Competitiveness:

As Taiwan's largest, most historic cement and ready-mix concrete manufacturer and supplier, as well as successful proponent of vertical integration, the Company's products are known for high quality and have a good market presence due to strong R&D capacity and stringent quality control process. Also, the Company has cement distribution centers and ready-mix concrete plants all over Taiwan, forming a complete sales network, providing customers with the best products and services. In 2020, the Company implemented a CRM system, which discloses raw materials and the product's history. Customers can access the latest inspection reports through QR codes or email, which are provided on the products, demonstrating the Company's commitment to providing high quality service and products.

#### Favorable developments:

- (1) In Taiwan, as the government promotes forward looking infrastructure projects by expanding public infrastructure and urban renewal projects, demand for cement is expected to increase. Also, due to the impact of the US-China trade War, many Taiwanese corporations are exiting China and returning to invest in Taiwan, giving a boost to the domestic economy. In the long run, the private sector is still strong. The operations of the cement industry are expected to continue to grow in the near future.
- (2) In China, due to continuing industrialization, urbanization, infrastructure development, and increasingly stringent environmental standards, the construction of infrastructure is restricted and staggered production has been implemented. Favorable cement industry policies and the vast cement market will reduce excessive capacity. Market demand for cement is expected to increase. To maintain its position as an industry leader, the Company will continue to assess China's economic conditions and monitor mergers and acquisition trends and the growing concentration of market supply.

#### Unfavorable factors for industry development:

- (1) The Taiwan government levies various taxes on the cement industry, including commodity tax, air pollution fees, waste disposal fees, and mining taxes by local governments, which has adversely impacted the cement industry. Moreover, since Taiwan's cement market is mature and its overall scale limited, the government has already established a policy to restrict further expansion and production.
- (2) As environmental awareness escalates, external interference and obstacles affecting applications for mining permits and permit extensions continues to intensify. Furthermore, as more countries set reduction targets for greenhouse gas emissions, governments may take aggressive actions, such as production restrictions, to achieve their emission reduction targets.

#### Countermeasures:

- (1) In Taiwan, the Company strives to increase its overall operational efficiency by managing costs by using information system technology and consolidating the Taiwan and China markets, and to continue cultivating the domestic market and maintaining its position as industry leader. Moreover, the Company actively works with the government to facilitate the nation's development, execute cement industry policies, facilitate the circular economy, and assist in the disposal of waste and hazardous industry waste to achieve sustainable development.
- (2) Because the cement market in Taiwan is mature and has little room to grow, the Company has invested in China's cement market. The Company has selected the Huanan area as its target market, and expanded to Huadong and Southwest areas in China. In December 2009, to accommodate China's policy to control capacity, suspend new construction projects, encourage M&A, and increase market concentration, the Company successfully merged and



acquired Chang–Xing Mining’s cement production capacity. In 2011, the Company continued to acquire cement production capacity in Gangan, Kaili, Saide, and Taichang, which are located in the Guizhou and Sichuan Provinces. In 2014, the Company acquired Chuantie Cement and Jindadi Cement in the Sichuan and Hunan Provinces. In 2019, the Company’s cement production capacity in China reached 64.3 tonnes. The Company will continue to monitor the cement industry in China and continue to engage in M&As when opportunities emerge.

- (3) On October 25, 2018, the TCC board of directors approved the establishment of Dutch TCC Holdings, a wholly owned subsidiary in the Netherlands. It is a 60:40 joint venture (JVC) between Dutch TCC Holdings and OYAK Cement from Turkey. The JVC will control all of OYAK’s cement business in Turkey. This is the first time a Taiwanese cement company has expanded outside of the Asian market. TCC has become a key shareholder in a holding company that sells over 73 tonnes of cement, equating to 16% of the entire cement market in Turkey. Through the partnership with OYAK and the unique position Turkey holds in the Mediterranean area, the Company expects to leverage the JVC to strategically acquire companies or form strategic alliances. In 2019, JVC successfully acquired Portugal’s Cimpor Corporation, as part of TCC’s international expansion plans.
- (4) The Company has established the Corporate Sustainable Development Committee under the Board of Directors, which regularly holds meetings to discuss the risk of climate change, set implementation targets and relevant countermeasures. In addition, the Company continues to hold itself to a higher standard than existing environmental regulations. By monitoring relevant statistics using information system technology, the Cement Division periodically holds operational meetings to discuss environmental performance indicators, set explicit emission reduction goals, and track the implementation status. Also, through the utilization of environmental service integration in the circular economic operation model, the Company integrates cement production and waste disposal, fulfilling its role to “balance the complicated relationship between nature and human society” as part of its social responsibilities and thereby create a win–win situation for stakeholders.

**5.2.1.2 Chemicals Division**

**Sales by markets:**

Unit: NT\$ thousands

Sales Type \ Year	2019		2020	
	Net revenue	%	Net revenue	%
Domestic	3,925,736	37.86%	3,213,947	38.01%
Export	6,444,565	62.14%	5,242,077	61.99%
Total net revenue	10,370,301	100.00%	8,456,024	100.00%

**Market share:**

TCC’s domestic market share by product:

Main Product	2019	2020
Phenol	25% (Note)	25% (Note)
Acetone	41% (Note)	41% (Note)
Bisphenol A (BPA)	0.4%	0.4%
Cyclohexanone	45% (Note)	62% (Note)

Source: Taiwan Customs Administration and TCC.  
 Note: Domestic market share is calculated by dividing the total volume of TCC’s products (less intercompany sales) by the total volume of products available in the market.

**Future supply, demand, and growth:**

(1) Global supply

The production of phenol products requires advanced technology and significant capital investment. TCC’s customers demand ever–higher levels of quality in the products they purchase. The majority of the global supply of phenol comes from Asia (53%), Europe, and the Americas. Previously the Americas was the second largest supplier of phenol, but its capacity dropped after Shell shut down its phenol production line there. If there is any excess supply of phenol in the world, it will be absorbed by the markets in China, India, and Southeast Asia.

(2) Domestic and global demand

TCC primarily supplies polyester resins, engineering plastics, acrylic (also known as polymethyl methacrylate), cleaning agents, epoxy resin, and solvents to domestic customers.

As the global capacity for the production of phenol formaldehyde resin and caprolactam (CPL) increases, the demand for these products is catching up.

(3) Future growth

In the second half of 2019, the textile and tire industries suffered, which hurt demand for phenol formaldehyde resin and CPL. The price of cyclohexanone and BPA plummeted and sales volumes declined. The price of phenol and acetone also dropped during the fourth quarter of 2019 because the market anticipated excess capacity at integrated refining and chemical plants during the first half of 2020. Even so, there was still a total supply shortage of 350,000 tonnes of phenol and acetone in Asia, which somewhat prevented the price from dropping further. Nonetheless, the spread of COVID–19 has altered the balance between supply and demand in the global marketplace. The abnormal fluctuation in oil prices has also impacted the supply and demand of raw material prices.

Based on the aforementioned factors, the Chemicals Division had to monitor and modify its production and sales activities on a daily basis to properly adjust for procurement needs and inventory management. These steps were crucial in helping reduce our energy consumption and control production costs. Given uncertain demand, we continue to service our equipment, provide additional training to employees, ensure the occupational safety of our plants, and accelerate new product development.





Once supply–demand balance is restored, TCC expects to grow as downstream customers expand capacity.

#### Competitiveness:

##### (1) Uninterrupted supply of raw materials

TCC has long–term contracts with suppliers to ensure stable supplies of raw materials and minimize interruptions to production.

##### (2) Policy on quality consistency

TCC’s policy requires the standardization of operating procedures, working effectively, and striving to achieve zero quality defects. We constantly innovate, overcome challenges, and promote our products. We continue to update our various systems and machinery and equipment while increasing capacity.

#### Favorable developments:

##### (1) TCC has first–class production technologies and is capable of quickly adapting to changing market conditions:

The Chemicals Division makes it a high priority to constantly improve its production technologies. It regularly communicates with customers to stay abreast of the latest development trends in the domestic and international markets. With many years of manufacturing experience, the Division has obtained ISO certification and earned customers’ trust and confidence thanks to our product quality, punctual delivery, and after–sales services. Therefore, TCC is in a prime position to capture more market share.

##### (2) Hold regular meetings with the manufacturing and sales departments:

The Chemicals Division holds regular meetings with the manufacturing and sales departments. During these meetings, both departments discuss the current market supply and demand situation and assess our capacity and inventory management. We set our production and sales budgets accordingly and track our budget achievement throughout the year. These meetings have proved to be positive and fruitful.

##### (3) Well–established distribution channels and high entry barriers for new market entrants:

The Chemicals Division is part of the petrochemical industry, which is high tech and capital–intensive. A full–scale industrial petrochemical plant requires a significant amount of capital investment, labor, and technology. Consequently, this industry’s entry barrier is high for new entrants.

Our Chemicals Division has been in the business for a long time, and, as such, we have established a professional brand image and a leading market position, as well as strong distribution channels. By leveraging economies of scale, we are able to lower production costs and offer competitive products.

#### Unfavorable factors:

##### (1) Excess capacity and relatively low import tariffs.

(2) Import tariffs for petrochemical products are too low to protect domestic suppliers from cheap imports. Customers are free to choose products from our foreign competitors. However, our foreign competitors have a competitive edge as they are able to set lower prices to compete with our products in Taiwan while charging local customers higher prices. With more competition, we had to enforce price reduction and therefore our revenues declined.

#### Countermeasures:

(1) To maintain close relationships with upstream suppliers and downstream consumers to stay abreast of customers’ needs and preferences.

(2) To increase capacity and improve technology to reduce production costs and strengthen our products’ competitiveness.

(3) To maintain our sales volumes by setting reasonable prices, offering comprehensive after–sales services, and diversifying our market base.

(4) To develop more value–added downstream products that can be used by our subsidiaries, so reducing the risk of obsolescence.

#### **5.2.1.3 Energy Division**

##### Market sales:

TCC sells all of its generated electricity to the Taiwan Power Company according to an electricity purchase agreement. Taipower then allocates the power supply to all of Taiwan.

##### Market share:

According to Taipower statistics, in 2020, total energy storage capacity was 497.7 GW and the net power generated was 23.89MWh, of which the Taipower generated 18.39 MWh. The total energy storage capacity for private thermal power generators was 77.1GW and the net power generated was 4.06 MWh. The Company’s total capacity in energy storage for the Ho–Ping Power Plant was 13.1GW, and the Company sold 8,740 GWh to Taipower, which represented 21.5% of the total power generated by private thermal power plants or 3.7% of all the power generated in Taiwan.

##### Future demand and growth:

According to Bureau of Electricity (BOE) statistics and the 2014 Long–Term Load Forecast and Electricity Sources Development Plan, Taiwan’s domestic electricity consumption increased from 21.845 MWh in 2005 to 24.987 MWh in 2015. By 2033, domestic electricity consumption is expected to increase to 33.564 MWh, with a projected average annual growth rate 1.34%. This means supply needs to increase by 0.48 MWh annually to fulfill growing demand. To realize its policy of having 20% of total power generated from renewable energy sources by 2025, the government has launched a two–year solar photovoltaic program and a four–year wind power program. By increasing the number of green energy power plants and green power supply, the government aims to resolve electricity shortages.



TCC has a 20 year bulk purchase agreement with Taipower for the power generated by its renewable energy power plants. The Taiwan government provides economic incentives to encourage the growth of renewable energy power plants, which will enable Company to exponentially grow its renewable energy business through an increased number of grid connections in the short-term. In the long term, due to the TCC's experience of operating power plants, the Company will perform better than less-experienced peers. Also, because the government aims to increase the percentage of renewable energy generated as a share of total energy generated, TCC expects to have its existing power plant agreement extended or to construct new power plants or equipment with higher profitability to reach a new agreement.

**Competitiveness, favorable developments, and unfavorable factors, and countermeasures:**

(1) Favorable developments:

(a) Demand for electricity consumption increases as Taiwan's economy grows

As Taiwan's economy grows, demand for electricity consumption continues to increase. However, due to a lack of hydropower resources and the push for a nuclear-free homeland, geothermal power generation is still the main source of electricity. According to Bureau of Electricity statistics and the 2014 Long-Term Load Forecast and Electricity Sources Development Plan, Taiwan's domestic electricity consumption increased from 21.845 MWh in 2005 to 24.987 MWh in 2015. By 2033, the domestic electricity consumption is expected to increase to 33.564 MWh. Total energy storage capacity is expected to increase from 497.7GW in 2020 to 503.5 GW in 2027. The continued shortage of electricity generated provides a growth opportunity for the Company.

(b) Ideal location of the Group's power plants

Many large power generating plants, such as the first nuclear power plant and the Hsiehho thermal power plant in northern Taiwan, have been decommissioned in recent years. Plans to develop the Shenao power plant and the fourth nuclear power plant, along with the No.3 Natural Gas Terminal, which would have supplied the Datan power plant, have failed. As a result, there is a power supply shortage in northern Taiwan, which favors the Company as its power plants are connected to the northern power grid.

(c) Rise of environmental awareness in society

Rapid social changes in Taiwan have triggered social diversification, and led to more environmental awareness. Although the government and power plants have adopted various measures to reduce pollution, the public is still worried about environmental issues, which makes it difficult for companies to acquire new land to build power plants.

Countermeasures:

To become more eco-friendly, the Company has implemented plans to use coal ash from its thermal power plants as substitutes for the clay used to manufacture cement, unlike other thermal power plants that build ash ponds to bury coal ash. Furthermore, the cement plants directly supply the limestone used by the flue-gas desulfurization (FGD) facility. The gypsum produced from desulfurization can be used as retarder for cement plants. The entire process complies with industry resource recycling and environmental requirements.

To mitigate air and water pollution, the Company constructed 250 meter tall flue stacks at its power plants for exhaust emissions, and also built indoor coal storage facilities to store and transport coal in a fully sealed conveyor system to eliminate dust and coal water pollution.

Besides building facilities to mitigate pollution, the Company has also hired consulting firms, academic institutions, and laboratories certified by the Environmental Protection Agency to provide monthly and quarterly implementation plans to monitor the environment during the Company's operations, conduct surveys on nearby marine ecology, and evaluate plant stacks and effluents to ensure environmental protection, with the aim of strengthening the mutual trust between local communities and the Company.

These advantages are the competitive basis for the Company to maintain its sustainable operation.

(2) Unfavorable factors:

(a) Global fuel price volatility

Thermal power plant's main cost in generating electricity is coal. As a key global raw material, the price of coal is subject to fluctuations in the economic cycle and demand, which in turn affects the operating expense and revenue of thermal power plants.

Countermeasures:

To mitigate risks from coal price volatility and buying from a single source, the Company diversifies its supply sources (e.g. purchases from Australia, Indonesia, and Russia) and executes different procurement methods. (e.g. short- and long-term contracts).

(b) Rise of environmental awareness, and the government's energy transition policy

Due to greater environmental awareness, the government's energy policy has shifted focus to renewable energy and natural gas power plants, and halted the expansion of thermal power plants and nuclear power plants. For example, local governments have forced thermal power plants in western and southern Taiwan to reduce production

Countermeasures:

To maintain trust and a good standing with the government and society, the Company has fully implemented and executed the aforementioned actions to protect the environment and to reduce emissions. By successfully mitigating the environmental impact from its operations and by reducing emissions, the Company advocates the diversification of energy resources to avoid dependency on a single energy source.



## 5.2.2 Product applications and manufacturing process

### 5.2.2.1 Cement Division

#### (1) Product applications

Major products	Application
Type I Cement	Type I cement, also known as general-purpose cement, is a typical product manufactured by all industry players in Taiwan. Unlike other types of cement, this type of cement lacks special properties, thus making it better suited for general construction and building use.
Type II Cement	Also known as moderate heat of hydration cement, this type of cement provides moderate sulfate resistance, and gives off less heat during the hydration process. Unlike Type I Cement, this type of cement has specified limits for its chemical composition. Type II cement is used for the construction of structures that will be exposed to water or soil with moderate amounts of sulfate, such as dams, reservoirs, harbors, piers, coastal buildings, artificial reefs, sewers, industrial drainage systems, and smokestacks.
Type III Cement	This type of cement provides high strength at an early period, therefore allowing for much shorter set times. It can be used for emergency construction and repairs when a quick turnaround is desired.
Type V Cement	Type V cement is intended to provide high sulfate resistance, so, this type of cement needs to have a very low composition of tricalcium aluminate ( $C3A < 5\%$ ). Another limitation of the composition is that the sum of the percentages of calcium aluminoferrite and twice the percentage of $C3A$ cannot exceed 25% ( $(C4AF) + 2(C3A) < 25\%$ ). Type V cement is used for the construction of structures that will be exposed to water or soil with high sulfate, such as harbors, structures in the ocean, tunnels, bridges, sewers, chemical plants, hot springs, and coastal buildings.
Type I low heat and low alkalinity cement	This type of specialty cement is manufactured for Taiwan High Speed Rail, Taipei City MRT, and Kaohsiung MRT projects. It can be used to prevent concrete from cracking due to heat and alkali-aggregate reaction. It can also be used to enhance the durability of the structure.
Types II/V high strength cement	These types of cement are manufactured specifically to meet the demands of the U.S. market. They feature high sulfate resistance and equally high strength at early and later periods.

#### (2) Production process

Limestone is the principle ingredient of cement. TCC mines limestone using the safest and most eco-friendly methods in our quarries. Our limestone is generally processed using one of the two following ways: it is first collected from quarries and delivered to a shaft by trucks. After being crushed at the bottom of the shaft using a primary crusher, crushed limestone is transported by a conveyor belt to a secondary crush site, where it is further crushed to smaller pieces by a secondary crusher. Processed limestone pieces are then transported to the concrete batching plant for mixing. Alternatively, limestone collected from quarries are delivered to a shaft by trucks where they are crushed by a primary crusher. Crushed limestone is then transported using an aerial ropeway to a stone transfer warehouse, which is then forwarded to an in-house concrete batching plant for mixing. In both cases, the precise mixture of limestone, clay, sand, and metal scraps, determined by computation, are further grounded into a fine raw material powder. After further mixing the fine raw material, it is ready for the heating process.

Mixed fine raw materials are extracted from the mixer, weighed with a balance, fed into a preheating zone for deacidification, then heated by pulverized coal combustion in a rotating

kiln to become what is termed as clinker. The burned clinker are cooled using chilled air and mixed with retarding admixture, stored in cement warehouses, awaiting to be supplied. In order to enhance the production and quality of cement, all procedures are performed by automated equipment that are controlled by computers. Cement can be distributed world-wide as bulk cement or in individual cement bags, which are formulated with the help of packaging machines that automatically measure and fill in the correct amounts of cement

### 5.2.2.2 Chemicals Division

#### (1) Major products and applications

Products	Applications
Phenol	Phenol can be used for the production of BPA, cyclohexanone, phenol formaldehyde resin, cyclohexanone, salicylic acid, and nonylphenol.
Acetone	This product is used to manufacture methyl methacrylate (a raw material for acrylic plastics), BPA, methyl isobutyl ketone (MIBK). Acetone can also be used as an organic solvent.
Bisphenol A (BPA)	BPA can be used to produce raw materials including but not limited to, epoxy, polycarbonate (PC), flame retardants, polyester resin, and polyresin.
Cyclohexanone	Cyclohexanone can serve as the raw material for caprolactam (CPL), adipic acid, and 2-methylacetophenone. It can be used as an initiator or as an organic solvent.
Maleic anhydride (MA)	Maleic anhydride can be used to produce unsaturated polyester resin. It can also produce 1,4-butanediol, tetrahydrofuran (THF), and gamma-butyrolactone via hydrogenation.

#### (2) Production process

- 1 Cumene plant: Highly concentrated cumene can be synthesized by catalyzing the alkylation of benzene with propene and the transalkylation of diisopropylbenzene with propene.
- 2 Phenol/acetone plant: Cumene is oxidized in air to become cumene hydroperoxide. Cumene hydroperoxide is then hydrolysed to form several products including phenol, acetone and alpha-methylstyrene.
- 3 BPA plant: BPA is formed via condensation of acetone and phenol catalyzed by acid.
- 4 Cyclohexanone plant: Cyclohexanone is produced by the hydrogenation of phenol.
- 5 Maleic anhydride plant: Maleic anhydride is prepared by the catalytic oxidation of highly concentrated n-butane.

### 5.2.2.3 Energy Division

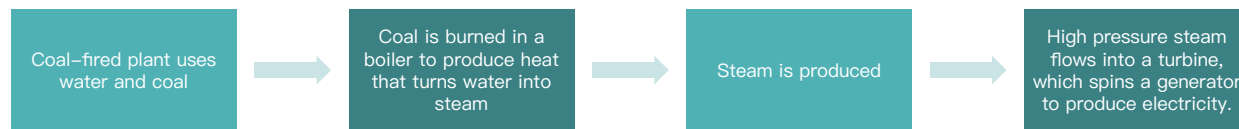
#### (1) Major products and applications

Electricity is one of the Energy Division's main products. It is vital to industrial and economic development. Electricity has a wide range of applications in today's world. Our daily lives, industrial activities, agriculture, and transportation depend on electricity to function normally.



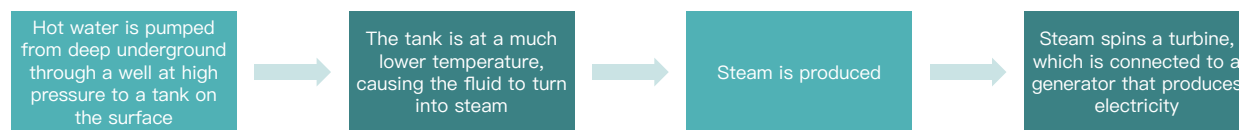
(2) Production process

• Thermal power generation process:



Renewable energy is derived from natural resources, such as wind and sunlight. With the help of technology and proper equipment, renewable energy can be converted to produce electricity.

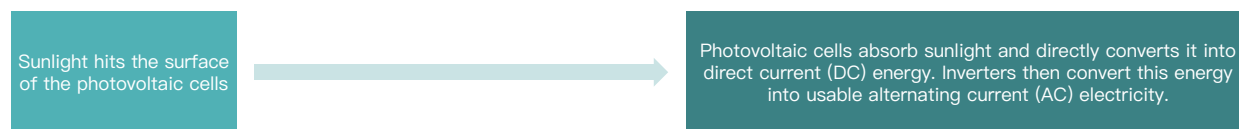
• Geothermal power generation process:



• Wind power generation process:



• Solar power generation process:



5.2.3 Raw materials supply

5.2.3.1 Cement Division

The common materials used to manufacture cement include limestone, clay, silica sand, blast furnace slag, slag, and gypsum. When heated at high temperatures, fueled by coal, these form a rock-like substance that is ground into a fine powder. TCC obtains limestone from its own quarries and also buys limestone from domestic suppliers on long-term contracts. Clay and silica sand are also supplied by domestic suppliers on long-term contracts while chalk, low alkali sand, blast furnace slag are procured from reputable domestic and foreign suppliers. The coal used in Taiwan is predominantly imported from Australia and Russia and procured via spot tenders. The coal used in China is either procured from local suppliers or imported from suppliers in Australia. Other supplementary materials used by China-based plants are sourced from local suppliers on long term contracts. In addition to raw material purchases, TCC procures equipment and machinery from reputable suppliers worldwide. Regardless of the product, suppliers are required to deliver steady supply at competitive or index-based prices.

5.2.3.2 Chemicals Division

The main raw materials include benzene, propene, n-butane, and cumene. TCC purchases the majority of its benzene and propene supplies from long-term domestic vendors and sources the rest from overseas suppliers. However, n-butane is only procured from domestic vendors on long-

term contracts. Not only is TCC able to manufacture the majority of its cumene in-house with propene, benzene, and catalysts, but it also imports cumene from Japan and other countries.

Main raw materials	Major suppliers	Supply status
Benzene	CPC Corporation, China Steel Chemical Corp., Mitsubishi Corporation, Tricon International, SK Global Chemical, Eaton	Stable
Propene	CPC Corporation, Marubeni, Mitsubishi Corporation, Apex Chemicals Co.	Stable
n-butane	Formosa Petrochemical Corp.	Stable
Cumene	Mitsui & Co., Mitsubishi Corporation, ICC Chemical corporation, Integra, PTT Phenol	Stable

5.2.3.3 Energy Division

TCC primarily imports coal, which is the primary source of energy for generating electricity, from Australia, Russia, and Indonesia through short-term and long-term contracts.

TCC also generates electricity from renewable sources such as wind and sunlight. Although these may be unreliable depending on the weather conditions and limited by geographic locations, energy produced from renewable sources is sustainable, abundant, and environmentally-friendly. An increased reliance on renewable energy can reduce waste and carbon emissions without compromising the environment.

5.2.4 Major suppliers and customers

Suppliers accounting for more than 10% of annual net procurement:

Unit: NT\$ thousands

Item	2019				2020			
	Supplier	Procurement amount	As % of 2019 total net procurement	Relation to TCC	Supplier	Procurement amount	As % of 2020 total net procurement	Relation to TCC
1	Others	62,961,839	100%	-	Others	58,899,063	100%	-
	Total net procurement	62,961,839	100%		Total net procurement	58,899,063	100%	

Customers accounting for more than 10% of annual net revenue:

Unit: NT\$ thousands

Item	2019				2020			
	Customer	Net revenue	As % of 2019 total net revenue	Relation to TCC	Customer	As % of 2020 total net revenue	Percentage in the annual net sales amount(%)	Relation to TCC
1	Taiwan Power Company	14,462,245	12%	None	Taiwan Power Company	14,282,124	12%	None
2	Others	108,320,769	88%	-	Others	100,085,123	88%	-
	Total net revenue	122,783,014	100%		Total net revenue	114,367,247	100%	-





### 5.2.5 Production volume

Unit: NT\$ thousands

Production Major products	Year	2019			2020		
		Capacity	Output	Amount	Capacity	Output	Amount
Cement and clinkers (thousand tonnes)		74,700	57,919	82,189,340	74,700	57,316	74,764,396
Ready mix concrete (thousand m <sup>3</sup> )		13,518	5,089	9,869,163	14,958	5,348	11,856,697
Chemicals (tonnes; Note 2)		1,420,019	764,584	20,145,228	1,420,019	659,472	15,510,882
Electricity (capacity: MW output: GWh)		1,316.4	8,444.66	14,462,245	1,332.9	8,787.73	14,282,124
Total				126,665,976			116,414,099

Note 1: Capacity is the amount of production volume that can be achieved under normal circumstances, taking into account losses from downtime due to periodic maintenance and holidays.

Note 2: Chemicals primarily include cumene, phenol, acetone, BPA, cyclohexanone, and maleic anhydride.

### 5.2.6 Sales volume

Unit: NT\$ thousands

Production Major products	Year	2019				2020			
		Domestic		Export		Domestic		Export	
		Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Cement and clinkers (thousand tonnes)		55,700	78,660,268	1,282	1,740,229	54,365	70,472,483	1,273	1,580,564
Ready mix concrete (thousand m <sup>3</sup> )		5,419	10,515,582	-	-	5,546	12,299,565	-	-
Chemicals (tonnes; Note 3)		148,070	3,925,736	244,047	6,444,565	137,886	3,213,947	221,636	5,242,077
Electricity (GWh)		8,444.66	14,462,245	-	-	8,787.73	14,282,124	-	-
Total			107,563,831		8,184,794		100,268,119		6,822,641

Note 1: Domestic sales of cement and clinkers exclude cement and clinkers used in the manufacture of ready-mix concrete. The Company used 1,057,000 tonnes of cement and clinkers in 2019 and 1,135,000 tonnes in 2020 for the production of ready-mix concrete.

Note 2: Presented above is the Company's sales information before intercompany eliminations.

Note 3: Chemicals primarily include cumene, phenol, acetone, BPA, cyclohexanone, and maleic anhydride.

### 5.3 Employees

Item	Year	2019	2020	As of March 30, 2021
Total number of employees		10,618	10,858	10,843
Average age		39.13	39.53	39.72
Average years of service		6.76	7.15	7.23
Education	Ph.D.	0.05%	0.06%	0.06%
	Master's	1.61%	1.80%	1.88%
	Bachelor's	26.24%	27.40%	27.19%
	High school	35.44%	35.28%	34.23%
	Others	36.66%	35.46%	36.64%

### 5.4 Environmental protection

#### 5.4.1 Cement Division

TCC's environmental management policy focuses on achieving zero waste, zero pollution, and zero emissions. Accordingly, TCC integrates the concept of sustainability management when formulating energy conservation, environmental protection, and production management plans. The Company has implemented and obtained international certifications including ISO 140001, ISO 50001, ISO 14064, ISO 14046, and BS 8001. These certifications have improved the quality of our products and the effectiveness of our energy, water, wastewater, and waste management performance. In addition, we require our suppliers and contractors to implement sustainability practices in their production, manufacturing, and logistical processes and to try and reduce their impact on the environment. Together, we create sustainable values throughout our supply chain.

#### (1) Certification and environmental efforts

As TCC has a well-established management system, all of TCC's plants were able to acquire the ISO 9000 certification for quality management within a very short period of time in 1993. This certification has since become a competitive necessity for international businesses.



All of TCC's cement plants also acquired the ISO 14000 certification for environmental management from the Bureau of Standards, Metrology and Inspection. All three cement plants in Taiwan obtained the ISO 50001 certification for energy management on December 8, 2014, December 12, 2014, and December 15, 2014, respectively. All of the cement plants in China obtained ISO 9000 and ISO 14000 certifications for quality and environmental management, as well as OHSAS-18000 certification for occupational health and safety management. All of TCC's cement plants in China have obtained ISO 50001 certification for energy management, except for one which is expected to be certified in the first half of 2021.

Since 1994, our efforts and involvement in environmental protection have earned us a number of awards from the government agencies, such as the Environmental Protection Administration (EPA). Our Hualien Plant won the EPA's Annual Enterprises Environmental Protection Award (AEEPA) of the Republic of China (ROC) for outstanding performance in environmental protection for three consecutive years from 2000 to 2002. The plant was also recognized as one of the outstanding manufacturers in voluntary greenhouse gas (GHG) reduction by the Ministry of Economic Affairs' (MOEA) Industrial Development Bureau (IDB) in 2009 and 2014. Our Suao Plant was awarded the Industrial Sustainable Excellence Award by the MOEA in 2003 and recognized as one of the outstanding manufacturers in voluntary GHG reduction by the IDB in 2008 and 2019. Our Ho-Ping Plant was recognized as one of the outstanding manufacturers for energy conservation in 2004 and for voluntary GHG reduction by the IDB in 2007.

The results of our long-term commitment to energy conservation, GHG reduction, elimination of waste generation, and resource recycling earned us the IDB's Annual Benchmark Enterprise in Energy and Resource Integration award in November 2011. Our Ho-Ping plant received the highest level of recognition, two stars, for the evaluation for circular economy of waste resources conducted by the EPA in December 2018. The cement produced by the Suao Plant and Ho-Ping Plant were certified as "Green Mark" cement products by the EPA in January 2019.

On August 25, 2014, the EPA approved TCC's GHG early action project from 2000 to 2010 and TCC was granted with an emission allowance of 6,413,344 tonnes, which accounted for 71.07% of the entire allowance allocated to the cement industry.

Since 2011, eight of our plants in China, including, Yingde, Guigang, Jurong, Liaoning, Guangan, Anshun, Kaili, and Kong On plants, have joined the Verified Carbon Standard (VCS) to obtain verified carbon units (VCUs). The VCUs can be earned by undertaking activities that reduce emissions against a baseline and once earned, can be used to offset other GHG emissions from other regular business activities or can be traded to other entities. Our plants planned to use waste heat to generate power and were able to get their emission reduction methodology approved. These plants have also opened accounts with APX, which is a database that has all the features of a registry, plus the capability to transfer VCUs between account holders.

In response to the Sustainability Reporting Standards established by the Global Reporting

Initiative (GRI) in 2000, TCC published its first annual corporate sustainability report in October 2001. In the report, we communicate our impact on the economy, environment, and society to all stakeholders. We hope that by sharing our sustainability approach and results, we can promote continuous improvement and sustainability, as well as encourage innovation in society.

After winning multiple majors awards between 2016 and 2019 for our participation in sustainable development, TCC's achievements in 2020 are as follows:

- On April 28, 2020, TCC came first in the "traditional industry group" for Global View's Corporate Social Responsibility Award.
- On July 1, 2020, TCC won the Asia's Green Company of the Year award in the 2020 Asia Corporate Excellence & Sustainability Awards (ACES).
- On September 4, 2020, TCC placed ninth in the big enterprise group of the Commonwealth Magazine's 2020 Excellence in Corporate Responsibility Award.
- On November 18, 2020, TCC won eight Taiwan Corporate Sustainability Awards (TCSA) in eight categories, including the Top 50 Platinum Corporate Sustainability Report Award, Top 50 Corporate Sustainability Award, Social Inclusion Award, Innovative Communication Award, Innovative Growth Award, Talent Development Award, Circular Economy Leadership Award, and Climate Leadership Award.
- On November 18, 2020, the Industrial Development Bureau recognized TCC's Suao Plant for excellence in voluntary energy savings and carbon reduction.
- On November 24, 2020, TCC DAKA, the ecological knowledge and cultural leisure center, won the DailyView Online Thermometer's Popularity Award.
- On November 29, 2020, TCC was recognised as one of 2020 Best Taiwan Global Brands, according to Interbrand.
- On December 9, 2020, TCC was assigned an A- rating for its CDP carbon disclosure rating.

TCC is a member of the Taiwan Cement Manufacturers' Association, Taiwan Marble Association, Chinese Institute of Mining & Metallurgical Engineers, Chinese National Federation of Industries, Chinese National Association of Industry and Commerce, and Taiwan Society for Circular Economy. We participate in these associations to share our knowledge, information, experiences, and best practices regarding environmental sustainability. Through these associations, we also share our experiences and the latest global research findings with the government and academic institutions, which helps legislators to make informed decisions about environmental protection and reusable resources.



## (2) Environmental costs

TCC adheres to the principle of taking from society and giving back to society, and is committed to carrying out our environmental responsibilities to society and the country. Our Ho-Ping Plant's Kiln 1 and Kiln 2 (built in October 2000 and May 2001, respectively) are equipped with low-NOx preheating systems, combustion devices, and waste heat electricity generation systems. These systems can effectively control the emission of pollutants during the manufacturing process and improve our overall energy and waste management performance.

Every year, TCC allocates budget for routine equipment maintenance, improving equipment performance, and purchase of low-NOx equipment, such as new multistage combustion control equipment. In addition to the accumulated NT\$10 billion spent on replacing obsolete equipment and installing new environmental protection equipment, we have upgraded our electric dust precipitators to electrostatic-bag composite dust precipitators at the Ho-Ping and Suao plants in 2019. This upgrade will raise our dust collection capabilities beyond the required legal threshold and meet the highest EU and US standards while reducing our particulate emissions. In 2020, we began building a selective catalytic reduction (SCR) system at the Chongqing plant, and modified pre-heating systems to incorporate multi-stage combustion technology at the Ho-Ping, Suao and China plants. These investments are aimed at further reducing our NOx emissions during the manufacturing process and optimizing our pollution control strategies.

The Cement Division's total environmental protection expenditures amounted to NT\$125 million, during the past three years primarily used for floor repairs, upgrading dust precipitators, installing new sprinkler systems, maintenance of gravel recycling equipment, and sewage pump repairs.

Currently, each plant is responsible for regularly maintaining their equipment and optimizing operational efficiency.

During 2020 and as of the date of this report, the ready-mix concrete department paid a fine of NT\$1.55 million for pollution violations.

Date of punishment	In accordance with	Relevant laws and regulations	Fact of violation
July 27, 2020	Chung-Shi-Huan-Ji-Zi No. 1090078178	Article 7-1 & 20-1 of the Water Pollution Control Act	Discharged wastewater from manufacturing process which did not fulfill the requirements under effluent standards
October 15, 2020	Chung-Shi-Huan-Ji-Zi No. 1090115902		Discharged wastewater which did not fulfill the requirements under effluent standards because of machine malfunction.

TCC implemented the following remedial measures:

- 1.Replaced sewage pump and resurfaced concrete block walls to prevent sewage leaks.
- 2.Increased the number of inspections to ensure the normal operation of pollution prevention equipment.

## (3) Future environmental strategy

- To ensure the normal operation of environmental protection equipment, we plan to improve our equipment operations management, provide additional staff training, and regularly service equipment. We also plan to upgrade our dust collectors.

- To maintain a clean environment, we plan to regularly clean our premises, use wheel washing systems to clean trucks and vehicles before they leave the premises, and add more greenery on site. In addition, we plan to improve wastewater treatment, implement waste disposal controls, and enhance contractor management.
- To minimize environmental pollution, we plan to upgrade or replace all necessary air and water pollution control equipment, such as modifying or optimizing pre-heating systems to incorporate multi-stage combustion technology at the Ho-Ping, Suao and China plants. We also plan to install chlorine bypass systems at the Ho-Ping and Suao plants. Some of the plants will install desulphurization towers and selective catalytic reduction (SCR) systems and start using high quality electrostatic-bags. We plan to recycle the wastewater we produce without discharging it to the environment.

The Cement Division's environmental budget for the next three years is as follows:

-Taiwan: NT\$380,920,000 in 2021, NT\$116,690,000 in 2022, and NT\$106,530,000 in 2023, for a total of NT\$604,140,000.

-China: RMB593,770,000 in 2021, RMB259,290,000 in 2022, RMB151,600,000 in 2023, for a total of RMB1,004,660,000.

The ultimate goal of these investments is to fulfill our sustainability objective of achieving zero pollution in the near future.

- We maintain our commitment to promote the integration of energy resources and reduce our reliance on non-renewable mineral resources.

We assist other companies in the semiconductor and computer electronics industries, as well as the pulp and paper industry, power plants, steel mills, water purification plants, and waste-to-energy plants to process their industrial waste. TCC has achieved the BS 80001 Circular Economy certification for its active participation.

The Portland Type I cement manufactured at the Ho-Ping and Suao plants have won gold medals for environmental cement. The Portland Type I low alkalinity cement and the Portland Type II cement manufactured at the Suao plant also won the silver medals for environmental cement. We will continue to improve the quality of our cement and reduce manufacturing costs while expanding our recycling operations (e.g. repurposing coal ash generated from our coal-fired power plants) and promoting the use of cement kilns for the co-processing of municipal solid waste and hazardous waste at our plants. Our Anshuan plant started processing municipal solid waste in 2015. The Phase I project for converting cement kilns to co-process 20,000 tonnes per year of hazardous waste at the Guigang plant has been completed. This plant has also obtained a five-year permit for its waste treatment operations. The Jurong plant will start recycling coal ash during the first quarter of 2021. The Kaili plant is now capable of co-processing 5,000 tonnes of hazardous waste annually. In Taiwan, the Environmental Protection Administration (EPA) conducted an environmental impact assessment (EIA) and approved our build-own-operate (BOO) project at our Ho-Ping plant, which will use our cement kiln to process Hualien county's municipal wastes. Without a doubt, we are absolutely committed to reducing waste and emissions.

- On April 22, 2020, TCC formulated its GHG reduction plan and submitted it to the Science Based Targets Initiative (SBTi). TCC was the first large Taiwanese enterprise in the traditional industry segment to commit to the initiative.





- On July 16, 2020, the SBTi announced that TCC has pledged a 11% reduction in its total GHG emissions by 2025. TCC became one of the four target-setting cement enterprises in the world and the first cement enterprise in East Asia to have its targets approved by the SBTi.
- On July 31, 2020, TCC completed the accreditation of the carbon footprint of our Type I cement and 3000 psi concrete.
- On July 31, 2020, TCC established product category rules (PCR) for the cement industry, alongside the Environmental Protection Administration, to develop carbon labels for cement products. A few days later, TCC received the first ever carbon label for cement products in Taiwan on August 6, 2020.
- On September 1, 2020, TCC joined the Global Cement and Concrete Association (GCCA), which was established by the World Business Council for Sustainable Development (WBCSD). As a member of the association, TCC and 40 other cement enterprises signed a net zero climate ambition that aims to produce carbon neutral concrete by 2050. This joint industry collaboration demonstrates the commitment of the industry across the globe to drive down its carbon footprint.
- Continue to collaborate with the Industry Technology Research Institution (ITRI) and advance research on carbon capture and fixation by microalgae.

We collaborated with ITRI to build the world's largest pilot carbon capture system, which uses the high efficiency calcium looping technology. Located at our Ho-Ping plant, this pilot carbon capture system has successfully completed its trial run and is capable of capturing one metric ton of CO<sub>2</sub> per hour by using limestone as an absorbent. The system proved that the technology, which was previously simulated by computers, is feasible. In July 2014, this breakthrough project won the 2014 global R&D 100 Award, which is often referred to as the Oscars of Invention.

In April 2017, we began testing a new generation 500kW hydration-integrated cascade cyclone calcium looping system. Currently, the 500kW system's calcination efficiency is greater than 80%, the hydration conversion rate is greater than 25%, and the carbon capture efficiency is greater than 90%. We continued to test the 500kW system's operations and optimize its performance in 2018. We also developed technology to reclaim the inactive limestone absorbent found during the process to produce concentrated precipitated calcium carbonate.

The results of the operating performance of our 500kW system were referenced for the design of our 10MW demo system. The development of our 10MW demo system is currently in the detailed design phase, which consists of planning the procurement specifications for equipment and preparing for the system's environmental impact assessment report. While developing the 10MW demo system, TCC is also assessing the efficacy and economic feasibility of new generation calcium looping technology.

To date, TCC has applied for 31 patents in 15 different categories for its calcium looping carbon capture technology.

Besides collaborating with ITRI on developing calcium looping carbon capture technology, TCC has also worked closely with ITRI on the "Outdoor Microalgae Carbon Fixation System and High Value Microalgae Cultivation Research" since September 2012. This project has won the 5th MOEA National Industrial Innovation Award and the 13th Institute for Biotechnology and Medicine Industry (IBMI) Innovation Award. In 2017, we completed our research on identifying active compounds that can enhance microalgae growth, conducted

a patent map analysis for the carbon fixation technology, and verified the feasibility of acid production through sustained continuous carbon fixation by anaerobic microorganisms.

In January 2017, we commissioned the research project, "Extraction of astaxanthin from *Haematococcus pluvialis* and the development of its related applications," to ITRI's Biomedical Technology and Device Research Laboratories. By the end of 2018, the project was completed and our preliminary findings indicated that astaxanthin has the potential to slow cell aging, protect against light induced retinal damage, amyloid beta (A $\beta$ ) induced nerve damage, and lipopolysaccharide (LPS) induced neuritis. In other words, astaxanthin can possibly prevent the onset of Alzheimer's disease. Based on our findings, we have developed a set of astaxanthin-infused skincare products and produced antioxidant-rich astaxanthin buckwheat noodles. We created these products to inspire a carbon-cutting movement.

In 2019, TCC continued to collaborate with ITRI on the development of the high efficiency microalgae cultivation methodology and its bionic applications. Our goal was to increase the production rate of carbon fixation microalgae in the lab to  $\geq 45\text{g}/\text{m}^2/\text{day}$ . We also evaluated the feasibility of high efficiency microalgae farming and the results of our findings can be used as a reference for building a microalgae farm in the future.

- Remain committed to the conservation of soil and water and reclamation of mines and continue to support ecological conservation.

Soil and water conservation and ecological conservation are always top of mind for TCC. Since 1991, we have been restoring the biodiversity and ecosystem of our mines through reclamation. We have cultivated various indigeneous plants and trees at the sites as well as monitored their growth to ensure sustainability. Our efforts were awarded by the Council of Agriculture for exceptional achievements in greening the environment and implementing afforestation projects.

We have invested NT\$3.75 billion to build three vertical shaft transport systems at our Ho-Ping plant and made sure that the design of the shafts aligned with our soil and water conservation efforts. These shafts are fully automated underground and use advanced multistage transport technology. The platforms for the shafts are placed at the top of the summit. During the construction of the shafts, we left two to three meters thick rock formations at the side of the ridge to decrease the risk of flooding. After the construction was completed, we re-vegetated the platforms to minimize the environmental impact.

We have also collaborated with academia experts in our restoration efforts. In 2017, we worked with the Department of Civil Engineering and Environmental Resources Management of Dahan Institute of Technology to build a plantation and restoration demo site at the Ho-Ping mines. That same year, we also worked with the sustainable landscape lab at National Ilan University's Department of Horticulture to restore the Suao mine at Mt. Taibai.

Since this area is rocky and not readily conducive to plant growth, TCC and the experts from the lab worked together to gradually overcome the challenges. We have restored approximately one hundred indigenous plant species over the past three years. In 2020, we renewed our contract with Ilan University in order to eventually return the site to its natural state and fine tune our reclamation methodology. We believe these projects are necessary to enhance the effectiveness of our soil and water conservation as well as environmental protection strategies.





In October 2020, TCC (Guigang) Cement Limited was awarded National Green Factory recognition in China. In December 2020, TCC (Guigang) Cement Limited also earned National Green Mine recognition in China. TCC (Guigang) Cement Limited was not the only TCC subsidiary in China to receive such honor, with Jurong TCC Cement Co., TCC Chongqing Cement Co., and TCC Anshun Cement Co., also separately receiving National Green Mine recognition in January 2020, January 2021, and January 2021, respectively.

TCC is also committed to helping raise awareness of ecological and wildlife conservation. Since 1992, we have sponsored the making of various ecological documentaries, including *A Century of Taiwan Wild Birds*, *Taiwan Terns*, *Taiwan Bush Robins*, and *Ha-Yin Wu, Her World of Taiwan Macaques*. These have received positive feedback from critics and the public. In addition to sponsoring documentaries, we have conducted research on the habitat of the black-faced spoonbill, which is an internationally endangered bird species. Our goal is to educate the public, businesses, and the government about the importance of ecological and wildlife conservation and to understand its positive impact on humans' well-being, and thereby inspire more people to protect nature.

From the management systems aspect, the cement plants have established systems and is applying ISO 14001 and ISO 45001 for management systems of occupational health and safety.

### 5.4.2 Chemicals Division

The Chemicals Division's total environmental protection expenditures in the last three years amounted to NT\$120 million. We converted our fuel-burning boilers to natural gas boilers, which not only reduced our CO<sub>2</sub> emissions by 32,000 tonnes, but also eliminated SO<sub>x</sub> emissions and reduced NO<sub>x</sub> emissions by 85 tonnes. We obtained the ISO 45001 occupational health and safety (OH&S) management system certification.

We are currently coating pump impellers with ceramic resin and installing energy-efficient fans and lights. These measures are expected to reduce our energy consumption by over 1.67MW.

During 2020 and as of the date of this report, the Chemicals Division incurred a total loss of NT\$1.07 million related to an accident triggered by a sudden discharge of static electricity from a packaging machine and other pollution violations.

Period of violation	Relevant laws and regulations
January 2020 – March 2021	Article 20 & 32 of the Air Pollution Control Act
	Article 9 of the Toxic and Concerned Chemical Substances Control Act

Date of punishment	In accordance with	Relevant laws and regulations	Fact of violation
January 2020 – March 2021	Kao-Shi-Huan-Jyu-Ji-Zi No. 10931096100 Kao-Shi-Huan-Jyu-Kong-Zi No. 10931332100 Kao-Shi-Huan-Jyu-Kong-Zi No. 10944064700	Article 20 & 32 of the Air Pollution Control Act	Scrap from M05 manufacturing process packaging machine produced granulosa pollution. VOC from the machines of M01 and M05 was in excess of the control standards.
	Kao-Shi-Huan-Jyu-Tu-Zi No. 10931996900	Article 9 of the Toxic and Concerned Chemical Substances Control Act	Did not file the volume of emission of BPA and Maleic anhydride of 2019 in time.

TCC implemented the following remedial measures:

1. To prevent future accidents caused by electrostatic discharge, TCC has installed a series of low NO<sub>x</sub> circuit breakers, included incident handling workflow in operational safety training materials, and required employees to use conductive bags when cleaning materials.
2. The soil and groundwater pollution control plan for TCC's Linyuan Plant has been approved by the Kaohsiung City Government's Environmental Protection Bureau. We are carrying out the control measures and remediation work in accordance with the plan.
3. The Machines of M01 and M05 have been fixed and implement VOCs self-management plan.

### 5.4.3 Energy Division

- (1) During 2020 and as of the date of this report, the Energy Division paid a fine of NT\$ 60,000 in February 2020 for violating the Article 7-1 and 40-1 of Water Pollution Control Act in accordance with Fu-Huan-Shuei-Zi No. 1090029363. During an audit by the Hualien Environmental Protection Bureau, our Energy Division was found to have discharged wastewater in excess of effluent standards. Since then, we have improved the efficiency of our wastewater treatment processes.

- (2) Other environmental protection remedial measures:

TCC regularly performs routine maintenance to ensure environmental protection equipment operates normally, and also implemented Air Quality Control System (AQCS) projects. We have engaged professional consulting firms, academic institutions, and EPA-certified environmental inspection labs to conduct environmental monitoring, marine ecology surveys, smokestack inspections, and effluent inspections on a monthly or quarterly basis.

The Energy Division's environmental budget for the next three years will be approximately NT\$5.755 billion and the improvement project of AQCS accounts for NT\$4.8 billion.

Our current environmental efforts include:

- We are constructing an indoor coal warehouse and a closed-trough conveyor belt system for coal transportation in order to eliminate coal dust emission and minimize water contamination.
- To reduce pollution, we transport all of our materials and by-products in fully sealed containers.
- We recycle the coal ash generated from our coal-fired power plants. Rather than dumping coal ash into ash ponds or the ocean and polluting the marine ecosystem, we repurpose the ash into concrete additives and raw materials for the manufacturing of cement at the Ho-Ping plant.
- We installed an electrostatic precipitator, flue-gas desulfurization equipment, and selective catalytic reduction (SCR) equipment, to reduce particulate matter emission concentration to below 20mg/m<sup>2</sup>, reduce SO<sub>x</sub> emission concentration to below 50ppm, and reduce NO<sub>x</sub> emission concentration to below 50ppm, compared with the regulatory air quality standards for these pollutants of 20mg/m<sup>2</sup>, 60 ppm, and 70 ppm, respectively. We have also installed a 250m tall smokestack to facilitate the dispersion of pollutants.
- We have implemented strict controls over warm water effluents, noise, and wastewater management. We monitor these controls to ensure compliance with the latest environmental standards and regulations.



- We added a physicochemical water treatment system at our wastewater treatment plant to improve the efficiency of our wastewater management system and reduce the concentration of organic materials in effluents.

## 5.5 Employee relations

TCC employees are entitled to certain benefits, including health insurance, labor insurance, group insurance, employee share ownership trust, employee welfare savings trust, subsidized medical expenses, dependent scholarships, subsidized training, subsidized physical exams, travel allowance, maternity benefits, bereavement allowances, and cash gifts during four major festivals as well as for weddings, birthdays and clubs. In addition, TCC also proactively held or subsidizes various activities that are beneficial to the physical and mental development of labor and promote labor-management communication, such as: clubs and sports events, labor union activities, annual party, family days, labor-management meetings, employee meetings, etc., to create a pleasant, friendly and harmonious working environment.

To help TCC employees reach their potential and improve their productivity, TCC provides comprehensive internal training programs including mandatory technical and professional training and management development programs. In addition to internal training resources, TCC employees are subsidized when pursuing external training. In 2020, TCC took precautions to prevent impact of COVID-19 and prioritized labor health and safety so that TCC reduced physical employee training, and adopted online training, combined meetings and groupings with On the Job Training (OJT) on a project basis, and TCC provided 88,646 hours of training and spent over NT\$20,555,000 on the education and development of our employees.

TCC's retirement policy is based on the Labor Standard Law and the Labor Pension Act. As required by the law, TCC has established a Pension Oversight Committee and makes periodic contributions to employee pension accounts held at the Bank of Taiwan (formerly held at the Central Trust of China). In order to ensure the sustainability of pension contribution and payments and provide retirement protection for the employees, the committee holds regular meetings and assess the adequacy of pension reserves. Since the promulgation of the Labor Pension Act on July 1, 2005, employees have been given the option to stay under the old system or join the new System. For employees who chose the new system, 6% of their salary will be contributed monthly as pension and deposited into each employee's personal account at the Bureau of Labor Insurance.

TCC did not incur any significant losses from labor disputes in FY2020 and from January 1, 2021 to the date of this annual report.

## 5.6 Material contracts

### 5.6.1 Sales and procurement contracts

Type of contract	Counterparty	Term	Summary	Restrictive terms
Sales	Taiwan Power Company	August 4, 1998 to June 29, 2027	Electricity purchase and sale	No significant restrictions
Procurement	Pt. Indominco	January 1, 2005 to December 31, 2021	Procurement of coal	No significant restrictions
	Yancoal	February 1, 2018 to December 31, 2021		
	Macquarie	January 13, 2021 to March 31, 2021		
	Eaglecrest	October 14, 2020 to March 31, 2021		
	Noble	December 14, 2020 to March 31, 2021		
Procurement	SUEK	November 5, 2020 to March 31, 2021		
Procurement	HSIN TAI CHEMICAL CO., LTD.	September 1, 2020 to August 31, 2021	Procurement of liquid ammonia	No significant restrictions
Procurement	Vestas Asia Pasific A/S	April 2019 to December 2020	Procurement of wind turbine for wind power plant in Changhua	No significant restrictions
Procurement	ExxonMobil Catalyst Technologies LLC	Commencing on August 1, 2004 without the ending date	Placement and periodic fees	No significant restrictions
Procurement	CPC Corporation	January 1, 2020 to December 31, 2020; January 1, 2021 to December 31, 2021	Procurement of benzene, acrylic and hydrogen	Restricted to sell
Procurement	China Steel Chemical Corporation	January 1, 2020 to December 31, 2020; January 1, 2021 to December 31, 2021	Procurement of benzene	No significant restrictions
Procurement	Formosa Petrochemical Corporation	January 1, 2020 to December 31, 2020; January 1, 2021 to December 31, 2021	Procurement of U-butane	Not for energy and cannot resale
Service	NYK	April 1, 2011 to March 31, 2023	Fuel coal transportation	No significant restrictions
	Bocimar	April 1, 2011 to March 31, 2026		
	Norden	April 1, 2011 to March 31, 2026		
Service	Property insurances from Cathay Century Insurance, Fubon Insurance, Shin Kong Insurance, First Insurance, Hwa Nan Insurance, Tokio Marine Nawa Insurance, Union Insurance, Nan Shan General Insurance, Mingtai Insurance, and Taiwan Fire & Marine Insurance	December 31, 2020 to December 31, 2021	Power plant assets and operations insurance	No significant restrictions
Service	Taiwan Power Company	January 4, 2021 to December 31, 2026	Maintenance and overhaul of Ho-Ping Plant and generating set	No significant restrictions
Service	GE Power	November 8, 2019 to April 30, 2023	Efficiency improvement of low-pressure steam turbines	No significant restrictions



Type of contract	Counterparty	Term	Summary	Restrictive terms
Service	CTCI corporation	February 4, 2020 to July 31, 2024	Improvement of air pollution control devices	No significant restrictions
Service	Tang Shi Chun Enterprise Co., Ltd. and other 62 distributors	January 1, 2020 to December 31, 2020	Sales of cement	No significant restrictions
Service	FDC International Hotels	May 27, 2020 to May 27, 2045 (With 10 years extension after contact ended)	Advance planning, management and operation, and trademark authorization service for hotel and joint marketing service	Commencement of operations before December 31, 2025
Service	HUGE GROWTH CO. S.A.	January 2020 to December 2020	Cement transportation	No significant restrictions
Service	SUMITOMO CORPORATION	September 2019 to the date of handover of bulk carrier	Contract for the construction of the newly-designed bulk carrier	Payments made according to construction progress
Service	Guigang Haitai Logistics Co. Ltd	June 2020 to May 2021	Cement, clinkers and fuel coal transportation	No significant restrictions
Service	Guangxi Guigang Guinan Shipping Co. Ltd	June 2020 to May 2021	Cement, clinkers and fuel coal transportation	No significant restrictions

Type of contract	Counterparty	Term	Summary	Restrictive terms
Construction	Chengdu Design & Research Institute Co., Ltd of Building Materials Industry	June 29, 2020 to June 29, 2021	Engineering, procurement and construction project for municipal solid waste from cement production of TCC Shaoguan Cement Co., Ltd.	Based on Article 27(5) in the contract, SG (Wu) 200066, the contract parties shall follow the rights and obligations of this contract despite that the contract parties sign another contract for reporting construction projects
Construction	Zhejiang Baosheng Construction Group Co., Ltd.	September 2019 to October 2021	Construction of logistics corridor	No significant restrictions
Construction	Tianjin Cement Industry Design and Research Institute Co., Ltd.	April 3, 2020 to April 2, 2021	Wheeling machine for raw materials	No significant restrictions
Construction	China Non-metal Materials Mine Engineering Co., Ltd. (NanJing)	June 2, 2020 to June 2, 2021	Construction of limestone mine exploitation at the plant in Shaoguan	No significant restrictions
Construction	Hengyang Transportation Machinery Co., Ltd.	July 16, 2020 to December 31, 2020	Belt conveyor	No significant restrictions
Construction	Zhejiang Baosheng Construction Group Co., Ltd.	March 10, 2020 to expiry date of warranty	Construction of solid waste disposal of Kaili TCC Environment Technology Co., Ltd.	No significant restrictions
Construction	China Non-metal Materials Mine Engineering Co., Ltd. (NanJing)	June 22, 2020 to September 8, 2020	Construction of longshan belt conveyor	No significant restrictions
Construction	CNBM Environmental protection Research Institute (Jiangsu) Co., Ltd.	December 22, 2020 to July 12, 2021	Supply, implementation, and provision of technical services for selective catalytic reduction system	No significant restrictions
Construction	Zhejiang Baosheng Construction Group Co., Ltd.	May 2020 to June 2021	Fly ash construction	No significant restrictions
Professional service	Pingnen Wind Solar Energy Ltd.	January 2019 to April 2020	Obtaining the management rights for Chang-Wang wind power project	No significant restrictions
Professional service	Taiyen Green Energy Co., Ltd.	February 2018 to completion of 20 years of commercial operation	Obtaining the rights to operate fishery power project in Yi-Chu and management of the fishing ground during commercial operations	No significant restrictions
Professional service	New Green Power Co., Ltd.	August 2020 to permission of commencement of construction	Obtaining the rights to operate fishery power project in Luliao Longjiang	No significant restrictions

### 5.6.2 Construction and professional services contracts

Type of contract	Counterparty	Term	Summary	Restrictive terms
Construction	Chunghwa Telecom Co., Ltd.	December 2017 to January 2024	Construction of Phase I solar power plant in Chang-Bin	No significant restrictions
Construction	Chunghwa Telecom Co., Ltd.	December 2017 to July 2025	Construction of Phase II solar power plant in Chang-Bin	No significant restrictions
Construction	Star Energy Corporation	November 2017 to April 2025	Construction of Phase I wind power plant in Chang-Bin	No significant restrictions
Construction	Taiyen Green Energy Co., Ltd.	November 2020 to construction completed	Construction of fishery power plant in Yi-Chu	No significant restrictions
Construction	China Construction First Building (Group) Corporation Limited	December 12, 2020 to constructions completed (1,083 calendar days)	Construction and civil engineering projects	No significant restrictions



### 5.6.3 Financing contracts

Type of contract	Counterparty	Term	Summary	Restrictive terms
Syndicated Loans	Consortium bank led by the Mega International Bank	March 2, 2015 to March 2, 2020	Credit Period: Five–years	Maintenance of steady financial ratios
	Consortium bank led by the Hwa Nan Bank	September 22, 2016 to September 22, 2021	Credit Period: Five–years	Maintenance of steady financial ratios
	Consortium bank led by the Mega International Bank	March 8, 2018 to March 8, 2023	Credit Period: Five–years	Maintenance of steady financial ratios
	Consortium bank led by the CTBC Bank	November 16, 2018 to November 16, 2023	Credit Period: Five–years	Maintenance of steady financial ratios
	Consortium bank led by the CTBC Bank	December 7, 2018 to December 7, 2025	Credit Period: Seven–years	Maintenance of steady financial ratios
Purchase agreement	JP Morgan Securities plc	November 26, 2018 to November 26, 2023	Subscription agreement for overseas convertible corporate bonds	No significant restrictions
Indenture	Citicorp International Limited	December 10, 2018 to December 10, 2023	Agreement for custody of overseas convertible corporate bonds	No significant restrictions

# Chapter 6 Financial Information

## 6.1 Condensed Balance Sheets and Statements of Comprehensive Income for the last five years

### 1. Condensed Consolidated Balance Sheets

Unit: NT\$ thousands

Item	Year	Financial information for the last five years (Note 1)				
		2020	2019	2018	2017	2016
Current assets		124,309,171	118,145,990	110,380,695	92,719,914	77,884,012
Property, plant and equipment		92,108,972	89,881,319	91,093,825	94,709,404	101,799,766
Intangible assets		19,563,960	19,656,118	20,427,352	20,852,624	21,175,282
Other assets		153,524,133	139,798,958	122,183,246	64,275,107	66,129,636
Total assets		389,506,236	367,482,385	344,085,118	272,557,049	266,988,696
Current liabilities	Before distribution	72,103,708	66,532,743	64,503,844	65,192,960	55,104,919
	After distribution	Note 2	80,526,791	81,378,430	71,553,724	60,458,574
Non-current liabilities		98,572,475	92,487,775	82,201,818	54,716,873	64,487,106
Total liabilities	Before distribution	170,676,183	159,020,518	146,705,662	119,909,833	119,592,025
	After distribution	Note 2	173,014,566	163,580,248	126,270,597	124,945,680
Equity attributable to shareholders of the parent company		204,071,817	193,684,068	181,541,510	136,348,204	106,768,051
Share capital		60,102,549	56,656,192	53,080,599	42,465,090	36,921,759
Capital surplus		49,122,450	48,015,947	47,836,241	25,739,065	13,534,162
Retained earnings	Before distribution	74,199,518	65,626,033	61,588,761	49,019,510	47,337,524
	After distribution	Note 2	48,903,175	41,138,582	38,418,237	41,983,869
Other equity		21,146,991	23,734,855	19,038,454	19,124,539	8,974,606
Treasury share		(499,691)	(348,959)	(2,545)	–	–
Non-controlling interests		14,758,236	14,777,799	15,837,946	16,299,012	40,628,620
Total equity	Before distribution	218,830,053	208,461,867	197,379,456	152,647,216	147,396,671
	After distribution	Note 2	194,467,819	180,504,870	146,286,452	142,043,016

Note 1: The financial information was audited by the Company's CPA firm.

Note 2: The proposal to distribute 2020 earnings is subject to the shareholders' approval at the Annual Shareholders' Meeting.





2. Condensed Consolidated Statements of Comprehensive Income

Unit: NT\$ thousands (Except EPS: NT\$)

Item	Year	Financial information for the last five years (Note 1)				
		2020	2019	2018	2017	2016
Net revenue		114,367,247	122,783,014	124,594,602	98,311,776	89,564,306
Gross profit		37,587,580	35,910,255	33,591,539	18,912,914	17,981,004
Income from operations		31,341,817	30,156,721	28,180,901	13,962,885	13,034,136
Non-operating income and expenses		4,011,489	2,476,698	2,363,520	(138,226)	(1,518,801)
Income before income tax		35,353,306	32,633,419	30,544,421	13,824,659	11,515,335
Income from continuing operations		27,991,393	25,455,090	22,644,071	10,322,800	8,842,075
Loss from discontinued operations		-	-	-	-	-
Net income		27,991,393	25,455,090	22,644,071	10,322,800	8,842,075
Other comprehensive (loss)/income for the year, net of income tax		(2,495,498)	5,024,759	(2,936,676)	9,976,772	(6,987,714)
Total comprehensive income for the year		25,495,895	30,479,849	19,707,395	20,299,572	1,854,361
Net income attributable to shareholders of the parent company		25,099,309	24,211,081	21,180,821	7,594,247	6,358,452
Net income attributable to non-controlling interests		2,892,084	1,244,009	1,463,250	2,728,553	2,483,623
Total comprehensive income attributable to shareholders of the parent company		22,708,608	29,178,084	18,245,179	17,775,812	2,411,113
Total comprehensive income attributable to non-controlling interests		2,787,287	1,301,765	1,462,216	2,523,760	(556,752)
EPS (Note 2)		4.32	4.22	3.89	1.64	1.39

Note 1: The financial information was audited by the Company's CPA firm.

Note 2: The EPS was calculated based on the weighted average of shares outstanding in each year. Prior year EPS were retrospectively adjusted to account for share dividend dilution.

3. Condensed Standalone Balance Sheets

Unit: NT\$ thousands

Item	Year	Financial information for the last five years (Note 1)				
		2020	2019	2018	2017	2016
Current assets		27,303,220	17,669,898	21,170,918	9,912,028	8,006,764
Property, plant and equipment		30,590,559	26,864,808	27,007,306	27,577,177	28,064,674
Intangible assets		10,710	10,711	10,711	21,394	69,359
Other assets		260,990,344	244,330,544	215,271,048	125,178,129	96,318,761
Total assets		318,894,833	288,875,961	263,459,983	162,688,728	132,459,558
Current liabilities	Before distribution	32,013,057	20,510,314	18,483,895	20,929,218	13,036,677
	After distribution	Note 2	34,504,362	35,358,481	27,289,982	18,390,332
Non-current liabilities		82,809,959	74,681,579	63,434,578	5,411,306	12,654,830
Total liabilities	Before distribution	114,823,016	95,191,893	81,918,473	26,340,524	25,691,507
	After distribution	Note 2	109,185,941	98,793,059	32,701,288	31,045,162
Share capital		60,102,549	56,656,192	53,080,599	42,465,090	36,921,759
Capital surplus		49,122,450	48,015,947	47,836,241	25,739,065	13,534,162
Retained earnings	Before distribution	74,199,518	65,626,033	61,588,761	49,019,510	47,337,524
	After distribution	Note 2	48,903,175	41,138,582	38,418,237	41,983,869
Other equity		21,146,991	23,734,855	19,038,454	19,124,539	8,974,606
Treasury share		(499,691)	(348,959)	(2,545)	-	-
Total equity	Before distribution	204,071,817	193,684,068	181,541,510	136,348,204	106,768,051
	After distribution	Note 2	179,690,020	164,666,924	129,987,440	101,414,396

Note 1: The financial information was audited by the Company's CPA firm.

Note 2: The proposal to distribute 2020 earnings is subject to the shareholders' approval at the Annual Shareholders' Meeting.

4. Condensed Standalone Statements of Comprehensive Income

Unit: NT\$ thousands (Except EPS: NT\$)

Item	Year	Financial information for the last five years (Note 1)				
		2020	2019	2018	2017	2016
Net revenue		21,495,430	19,122,776	16,979,445	16,215,877	17,218,999
Gross profit		3,824,413	1,824,021	1,378,936	1,715,225	2,138,762
Income from operations		2,176,211	297,838	192,868	895,292	1,275,775
Non-operating income and expenses		23,155,342	23,913,527	21,067,007	6,908,006	5,259,947



Item	Year	Financial information for the last five years (Note 1)				
		2020	2019	2018	2017	2016
Income before income tax		25,331,553	24,211,365	21,259,875	7,803,298	6,535,722
Income from continuing operations		25,099,309	24,211,081	21,180,821	7,594,247	6,358,452
Loss from discontinued operations		-	-	-	-	-
Net income		25,099,309	24,211,081	21,180,821	7,594,247	6,358,452
Other comprehensive (loss)/ income for the year, net of income tax		(2,390,701)	4,967,003	(2,935,642)	10,181,565	(3,947,339)
Total comprehensive income for the year		22,708,608	29,178,084	18,245,179	17,775,812	2,411,113
EPS (Note 2)		4.32	4.22	3.89	1.64	1.39

Note 1: The financial information was audited by the Company's CPA firm.

Note 2: The EPS was calculated based on the weighted average of shares outstanding in each year. Prior year EPS were retrospectively adjusted to account for share dividend dilution.

#### 5. Independent Auditors' Opinions from 2016 to 2020:

Year	CPA	Audit Opinion
2020	Chih-Ming Shao and Hui-Min Huang	An unmodified opinion
2019	Ya-ling Wong and Chih-Ming Shao	An unmodified opinion
2018	Ya-ling Wong and Chih-Ming Shao	An unmodified opinion
2017	Ya-ling Wong and Chih-Ming Shao	An unmodified opinion
2016	Ya-ling Wong and Chih-Ming Shao	An unmodified opinion

Note 1: In compliance with mandatory lead auditor rotation, the Company changed its auditors in 2020.

Note 2: Deloitte & Touche  
20F, No. 100, Songren Rd., Xinyi Dist., Taipei, Taiwan, R.O.C.  
TEL:886-2-2725-9988

## 6.2 Financial analysis

### 1. Consolidated Financial Analysis

Item	Year	Financial analysis for the last five years (Note 1)				
		2020	2019	2018	2017	2016
Capital structure analysis	Debt ratio (%)	43.82	43.27	42.64	43.99	44.79
	Long-term fund to property, plant and equipment (%)	344.59	334.83	306.92	218.95	208.14
Liquidity analysis	Current ratio (%)	172.40	177.58	171.12	142.22	141.34
	Quick ratio (%)	160.92	164.66	155.85	128.72	124.52
	Times interest earned (times)	20.59	18.36	14.21	8.92	7.58
Operating performance analysis	Average collection turnover (times)	2.87	3.12	3.80	4.16	4.46
	Days sales outstanding	127.17	116.98	96.05	87.74	81.83
	Average inventory turnover (times)	9.55	9.87	10.21	9.21	8.03
	Average payment turnover (times)	11.32	11.40	11.67	10.27	9.70
	Average inventory turnover days	38.21	36.98	35.74	39.63	45.45
	Property, plant and equipment turnover (times)	1.26	1.36	1.34	1.00	0.83
	Total assets turnover (times)	0.30	0.35	0.40	0.36	0.32
Profitability analysis	Return on total assets (%) (ROA)	7.78	7.58	7.94	4.36	3.68
	Return on equity attributable to shareholders of the parent (%) (ROE)	13.10	12.54	12.94	6.88	5.84
	Pre-tax income to paid-in capital ratio (%)	58.82	57.60	57.54	32.56	31.19
	Net margin (%)	24.48	20.73	18.17	10.50	9.87
	Earnings per share (NT\$) (Note 2)	4.32	4.22	3.89	1.64	1.39
Cash flow	Cash flow ratio (%)	43.38	43.91	34.34	18.88	34.03
	Cash flow adequacy ratio (%)	85.40	81.07	80.90	116.16	124.56
	Cash flow reinvestment ratio (%)	3.55	2.56	3.68	1.57	3.87
Leverage	Operating leverage	1.43	1.43	1.42	1.82	1.92
	Financial leverage	1.06	1.07	1.09	1.14	1.15

Notable changes from 2019 to 2020:

1. Cash flow reinvestment ratio increased mainly due to the increase in net cash generated by operating activities and decrease in cash dividend in 2020.

Note 1: The financial information was audited by the Company's CPA firm.

Note 2: Prior year EPS were retrospectively adjusted to account for share dividend dilution.



2. Standalone Financial Analysis

Item	Year	Financial analysis for the last five years (Note 1)				
		2020	2019	2018	2017	2016
Capital structure analysis	Debt ratio (%)	36.01	32.95	31.09	16.19	19.40
	Long-term fund to property, plant and equipment (%)	937.81	998.95	907.07	514.05	425.53
Liquidity analysis	Current ratio (%)	85.29	86.15	114.54	47.36	61.42
	Quick ratio (%)	81.37	79.03	106.96	39.33	49.71
	Times interest earned (times)	18.04	19.70	47.29	39.30	28.49
Operating performance analysis	Average collection turnover (times)	4.14	4.04	4.27	4.44	4.36
	Days sales outstanding	88.16	90.34	85.48	82.20	83.71
	Average inventory turnover (times)	13.36	12.39	10.29	9.22	9.71
	Average payment turnover (times)	11.40	10.00	8.99	8.87	9.36
	Average inventory turnover days	27.32	29.45	35.47	39.58	37.59
	Property, plant and equipment turnover (times)	0.75	0.71	0.62	0.58	0.61
	Total assets turnover (times)	0.07	0.07	0.08	0.11	0.13
Profitability analysis	Return on total assets (%) (ROA)	8.65	9.14	10.11	5.26	4.89
	Return on equity (%) (ROE)	12.62	12.90	13.33	6.25	5.92
	Pre-tax income to paid-in capital ratio (%)	42.15	42.73	40.05	18.38	17.70
	Net margin (%)	116.77	126.61	124.74	46.83	36.93
	Earnings per share (NT\$) (Note 2)	4.32	4.22	3.89	1.64	1.39
Cash flow	Cash flow ratio (%)	10.19	0.40	4.45	4.27	19.41
	Cash flow adequacy ratio (%)	5.87	5.55	7.17	19.49	24.75
	Cash flow reinvestment ratio (%)	(3.37)	(5.61)	(2.01)	(2.53)	(1.55)
Leverage	Operating leverage	2.18	9.10	9.89	2.56	2.24
	Financial leverage	3.16	(0.30)	(0.72)	1.29	1.23

Notable changes from 2019 to 2020:

1. Cash flow ratio increased mainly due to the increase in net cash generated by operating activities in 2020.
2. Cash flow reinvestment ratio increased mainly due to the increase in net cash generated by operating activities and decrease in cash dividend in 2020.
3. Operating leverage decreased mainly due to the increase in net revenue and income from operations in 2020.
4. Financial leverage increased mainly due to the increase in income from operations in 2020.

Note 1: The financial information was audited by the Company's CPA firm.

Note 2: Prior year EPS were retrospectively adjusted to account for share dividend dilution.

Glossary

[I] Capital structure analysis

(1) Debt ratio = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment ratio = (Shareholders' equity + Non-current liabilities) / Net property, plant, and equipment

[II] Liquidity analysis

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets - Inventory - Prepaid Expenses) / Current liabilities

(3) Times interest earned = Earnings before Interest and Taxes / Interest expense

[III] Operating performance analysis

(1) Average collection turnover = Net revenue / Average accounts receivable (including accounts receivable and notes receivable)

(2) Days sales outstanding = 365 / Average collection turnover

(3) Average inventory turnover = Cost of sales / Average inventory

(4) Average payment turnover = Cost of goods sold / Average accounts payable (including account payable and notes payable)

(5) Average inventory turnover days = 365 / Average inventory turnover

(6) Property, plant, and equipment turnover = Net revenue / Average net property, plant and equipment

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

[IV] Profitability analysis

(1) Return on total assets = [Net income + Interest expense \* (1 - tax rate)] / Average total assets

(2) Return on equity = Net income / Average shareholders' equity

(3) Pre-tax income to paid-in capital ratio = Income before tax / Paid-in Capital

(4) Net margin = Net income / Net revenue

(5) Earnings per share = (Net income attributable to shareholders of the parent - preferred share dividend) / Weighted average number of shares outstanding

[V] Cash flow

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

(2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend

(3) Cash flow reinvestment ratio = (Cash provided by operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other noncurrent assets + Working capital)

[VI] Leverage

(1) Operating leverage = (Net revenue - Variable operating costs and expenses) / Operating income

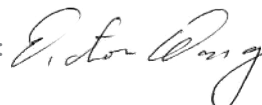
(2) Financial leverage = Operating income / (Operating income - interest expense)

6.3 Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors of Taiwan Cement Corporation has prepared the Company's 2020 Business Report, Consolidated and Standalone Financial Statements, and the proposal for the allocation of earnings. The CPA firm Deloitte & Touche was retained to audit the Company's Financial Statements and it has issued an audit report on the Financial Statements. The Business Report, Financial Statements, and the earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Cement Corporation. According to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Taiwan Cement Corporation

Chairman of the Audit Committee:   
March 19, 2021





## 6.4 Financial Statements and Independent Auditor's Report (Consolidated)

**Deloitte.**

**勤業眾信**

勤業眾信聯合會計師事務所  
11073 台北市信義區松仁路100號20樓

Deloitte & Touche  
20F, Taipei Nan Shan Plaza  
No. 100, Songren Rd.,  
Xinyi Dist., Taipei 11073, Taiwan

Tel: +886 (2) 2725-9988  
Fax: +886 (2) 4051-6888  
www.deloitte.com.tw

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Taiwan Cement Corporation

#### Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cement Corporation and its subsidiaries (collectively referred to as 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 (collectively referred to as the "consolidated financial statements").

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 of the Republic of China.

#### 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 Republic of China. 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 Republic of China, 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 description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is as follows:

#### Revenue Recognition of Cement Sales

The Group is mainly engaged in the production and sale of various cement and cement products. Revenue from the sale of cement fluctuates frequently due to changes in raw material prices, market supply and demand and the economic environment; in addition, related revenue is recognized at the point in time when the customer collects the cement and the performance obligations are satisfied. Therefore, the validity of revenue recognition of cement sales is considered a key audit matter for the year ended December 31, 2020. Our main audit procedures performed in respect of the aforesaid key audit matter include understanding and testing the design and operating effectiveness of the internal controls related to the revenue from cement sales, and random inspection of the contracts, factory orders and delivery documents from the sales details and testing the collection information of the samples before the end of the reporting period, in order to verify the validity of revenue recognition of cement sales.

#### Other Matter

We have also audited the parent company only financial statements of Taiwan 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 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 of the Republic of China, 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 Republic of China 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 Republic of China, 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 the 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 Chih-Ming Shao and Hui-Min Huang.

*Chih-Ming Shao Hui-Min Huang*

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 19, 2021

Notice to Readers

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

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

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 51,433,522	13	\$ 53,572,620	15
Financial assets at fair value through profit or loss (Notes 4, 7 and 29)	353,986	-	502,005	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 29, 30 and 31)	5,596,471	1	7,180,745	2
Financial assets at amortized cost (Notes 4, 6, 29 and 31)	15,769,277	4	4,745,911	1
Notes receivable (Notes 4 and 9)	29,518,807	8	31,258,167	9
Accounts receivable (Notes 4, 9 and 10)	9,522,642	3	8,838,553	2
Notes and accounts receivable from related parties (Notes 4 and 30)	273,866	-	300,000	-
Other receivables (Notes 4 and 24)	1,073,289	-	913,545	-
Other receivables from related parties (Notes 4 and 30)	3,785	-	388,806	-
Inventories (Notes 4 and 11)	7,941,755	2	8,132,977	2
Prepayments	2,135,702	1	1,790,795	1
Other current assets	686,069	-	521,866	-
Total current assets	124,309,171	32	118,145,990	32
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (Notes 4, 8, 29, 30 and 31)	31,903,287	8	36,120,339	10
Financial assets at amortized cost (Notes 4, 6, 29 and 31)	16,475,021	4	984,716	-
Investments accounted for using the equity method (Notes 4, 13 and 31)	50,133,844	13	47,631,870	13
Property, plant and equipment (Notes 4, 14, 23 and 31)	92,108,972	24	89,881,319	24
Right-of-use assets (Notes 4, 15, 23 and 30)	13,451,125	4	12,734,286	4
Investment properties (Notes 4, 16, 23 and 31)	5,451,434	1	6,322,209	2
Intangible assets (Notes 4, 17 and 23)	19,563,960	5	19,656,118	5
Prepayments for property, plant and equipment (Notes 14 and 30)	5,426,869	1	2,992,315	1
Long-term finance lease receivables (Notes 4 and 10)	26,975,117	7	29,253,336	8
Net defined benefit asset (Notes 4 and 21)	1,572,025	-	1,434,342	-
Other non-current assets (Notes 4 and 24)	2,135,411	1	2,325,545	1
Total non-current assets	265,197,065	68	249,336,395	68
<b>TOTAL</b>	<b>\$ 389,506,236</b>	<b>100</b>	<b>\$ 367,482,385</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 18, 27 and 31)	\$ 34,675,454	9	\$ 30,445,048	8
Short-term bills payable (Note 18)	6,247,029	2	5,875,398	2
Contract liabilities	5,226,637	1	5,041,554	1
Notes and accounts payable (Note 30)	6,137,904	2	7,427,013	2
Other payables (Notes 20 and 32)	10,661,629	3	10,990,611	3
Other payables to related parties (Notes 13 and 30)	8,284	-	234,793	-
Current income tax liabilities (Notes 4 and 24)	3,914,955	1	4,443,343	1
Lease liabilities (Notes 4, 15 and 30)	315,451	-	416,346	-
Long-term loans - current portion (Notes 18, 27 and 31)	4,805,000	1	1,624,138	1
Other current liabilities	111,365	-	34,499	-
Total current liabilities	72,103,708	19	66,532,743	18
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 19)	53,897,370	14	35,699,778	10
Long-term loans (Notes 18, 27 and 31)	24,998,481	6	30,553,035	8
Lease liabilities (Notes 4 and 15)	1,978,361	1	2,073,806	1
Deferred income tax liabilities (Notes 4 and 24)	11,754,270	3	11,588,934	3
Long-term bills payable (Note 18)	4,991,327	1	11,800,966	3
Net defined benefit liabilities (Notes 4 and 21)	72,845	-	97,401	-
Other non-current liabilities (Note 13)	879,821	-	673,855	-
Total non-current liabilities	98,572,475	25	92,487,775	25
Total liabilities	170,676,183	44	159,020,518	43
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4, 22 and 26)</b>				
Share capital	59,414,007	15	56,656,192	15
Certificate of entitlement to new shares from convertible bonds	688,542	-	-	-
Capital surplus	49,122,450	13	48,015,947	13
Retained earnings	74,199,518	19	65,626,033	18
Others	21,146,991	5	23,734,855	7
Treasury shares	(499,691)	-	(348,959)	-
Equity attributable to shareholders of the Corporation	204,071,817	52	193,684,068	53
<b>NON-CONTROLLING INTERESTS (Notes 22 and 26)</b>				
Total equity	218,830,053	56	208,461,867	57
<b>TOTAL</b>	<b>\$ 389,506,236</b>	<b>100</b>	<b>\$ 367,482,385</b>	<b>100</b>

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

## TAIWAN 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 and 30)	\$ 114,367,247	100	\$ 122,783,014	100
OPERATING COSTS (Notes 4, 11, 23 and 30)	76,779,667	67	86,872,759	71
GROSS PROFIT	37,587,580	33	35,910,255	29
OPERATING EXPENSES (Notes 23 and 30)				
Marketing	1,106,328	1	1,013,114	-
General and administrative	5,110,389	5	4,699,672	4
Research and development	29,046	-	40,748	-
Total operating expenses	6,245,763	6	5,753,534	4
INCOME FROM OPERATIONS	31,341,817	27	30,156,721	25
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 13)	3,200,243	3	2,509,388	2
Interest income (Note 4)	1,363,489	1	815,805	1
Dividend income (Note 4)	1,567,644	1	1,448,451	1
Other income (Note 23)	498,284	1	1,256,575	1
Finance costs (Notes 4 and 23)	(1,986,208)	(2)	(2,199,118)	(2)
Net loss on disposal of property, plant and equipment	(101,742)	-	(162,793)	-
Other expenses (Note 23)	(389,007)	-	(401,427)	-
Foreign exchange losses, net	(39,915)	-	(15,399)	-
Non-financial assets impairment loss (Note 14)	(101,299)	-	(774,784)	(1)
Total non-operating income and expenses	4,011,489	4	2,476,698	2
INCOME BEFORE INCOME TAX	35,353,306	31	32,633,419	27
INCOME TAX EXPENSE (Notes 4 and 24)	7,361,913	7	7,178,329	6
NET INCOME	27,991,393	24	25,455,090	21

(Continued)





## TAIWAN 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	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 21)	\$ 125,997	-	\$ 402,890	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 22)	(4,703,206)	(4)	11,208,989	9
Gain (loss) on hedging instruments	216	-	(9,614)	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 22)	(11,998)	-	172,815	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 24)	(25,212)	-	(80,567)	-
	<u>(4,614,203)</u>	<u>(4)</u>	<u>11,694,513</u>	<u>9</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 22)	2,219,191	2	(4,792,103)	(4)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method (Note 22)	(100,486)	-	(1,877,651)	(1)
	<u>2,118,705</u>	<u>2</u>	<u>(6,669,754)</u>	<u>(5)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(2,495,498)</u>	<u>(2)</u>	<u>5,024,759</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 25,495,895</u>	<u>22</u>	<u>\$ 30,479,849</u>	<u>25</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 25,099,309	22	\$ 24,211,081	20
Non-controlling interests	<u>2,892,084</u>	<u>2</u>	<u>1,244,009</u>	<u>1</u>
	<u>\$ 27,991,393</u>	<u>24</u>	<u>\$ 25,455,090</u>	<u>21</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 22,708,608	20	\$ 29,178,084	24
Non-controlling interests	<u>2,787,287</u>	<u>2</u>	<u>1,301,765</u>	<u>1</u>
	<u>\$ 25,495,895</u>	<u>22</u>	<u>\$ 30,479,849</u>	<u>25</u>

(Continued)

## TAIWAN 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	%
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 4.32</u>		<u>\$ 4.22</u>	
Diluted	<u>\$ 4.09</u>		<u>\$ 4.06</u>	

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

(Concluded)

**TAIWAN CEMENT CORPORATION AND SUBSIDIARIES**

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

	Ordinary Shares	Preferred Shares	Convertible Shares	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings	Unappropriated Earnings	Total	Exchange Difference on Translating Foreign Operations	Gain/Loss on Financial Assets at Fair Value through Other Comprehensive Income	Gain on Hedging Instruments	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	\$ 31,086,299	\$ 2,000,000	\$ -	\$ 47,836,241	\$ 2,118,082	\$ 14,784,534	\$ 13,609,062	\$ 33,753,165	\$ 61,388,761	\$ 61,388,761	\$ (5,072,211)	\$ 24,074,366	\$ 1,109	\$ (2,545)	\$ 181,541,510	\$ 15,837,546	\$ 197,379,056
Appropriation of 2018 earnings	-	-	-	-	-	-	-	(2,118,082)	(2,118,082)	(2,118,082)	-	-	-	-	(2,118,082)	-	(16,856,367)
Legal reserve	-	-	-	-	-	2,118,082	-	(2,118,082)	-	-	-	-	-	-	(16,856,367)	-	(14,219)
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	(3,375,503)	(3,375,503)	(3,375,503)	-	-	-	-	(3,375,503)	-	(2,219,008)
Share dividends distributed by the Corporation	3,375,160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,455,090
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	-	-	24,211,081	24,211,081	24,211,081	-	-	-	-	24,211,081	1,244,009	25,455,090
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	-	-	(6,623,080)	11,320,250	(6,827)	-	4,697,033	57,256	5,024,229
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	24,211,081	24,211,081	24,211,081	(6,623,080)	11,320,250	(6,827)	-	29,118,084	1,301,265	30,419,349
Difference between consolidated and the carrying amount of subsidiaries' net assets during actual acquisition or disposals	-	-	-	-	29	-	-	-	-	-	-	-	-	-	29	(186,376)	(146,447)
Changes in capital surplus from investments in associates and joint ventures measured for using the equity method	-	-	-	-	179,275	-	-	-	-	179,275	-	-	-	-	179,275	26	179,301
Business adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	-	5,768	-	5,768	-	5,768	3,446	9,214
Business adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation costs of treasury shares transferred to employees	-	-	-	-	826	-	-	-	-	826	-	-	-	-	826	-	826
Treasury shares transfer to employees	-	-	-	-	(424)	-	-	-	-	(424)	-	-	-	-	2,345	-	2,121
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	(138,293)	-	-	(138,293)	-	(148,829)	
BALANCE AT DECEMBER 31, 2019	\$ 44,656,193	\$ 2,000,000	\$ -	\$ 48,015,547	\$ 48,015,547	\$ 16,902,616	\$ 13,609,062	\$ 31,674,155	\$ 85,926,033	\$ 85,926,033	\$ (1,960,284)	\$ 33,395,116	\$ -	\$ (348,059)	\$ 193,084,068	\$ 14,777,799	\$ 207,861,867
Appropriation of 2019 earnings	-	-	-	-	-	-	-	(4,448,215)	(4,448,215)	(4,448,215)	-	-	-	-	(4,448,215)	-	(1,464,047)
Legal reserve	-	-	-	-	-	4,448,215	-	(4,448,215)	-	-	-	-	-	-	(13,644,048)	-	(12,175,000)
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	(13,644,048)	(13,644,048)	(13,644,048)	-	-	-	-	(136,000)	-	(130,000)
Share dividends distributed by the Corporation	2,728,810	-	-	-	-	-	-	(3,728,810)	(3,728,810)	(3,728,810)	-	-	-	-	-	-	(2,485,089)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	-	-	21,095,309	21,095,309	21,095,309	-	-	-	-	23,095,309	2,892,084	27,991,393
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	95,226	95,226	95,226	2,136,685	(4,632,031)	(121)	-	(2,306,201)	(108,792)	(2,495,428)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	21,190,535	21,190,535	21,190,535	2,136,685	(4,632,031)	(121)	-	22,790,408	2,783,292	25,573,700
Difference between consolidated and the carrying amount of subsidiaries' net assets during actual acquisition or disposals	-	-	-	-	(144,181)	-	-	-	-	(144,181)	-	-	-	-	(144,181)	(296,305)	(440,486)
Changes in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,223)	(26,223)
Changes in capital surplus from investments in associates and joint ventures measured for using the equity method	-	-	-	-	136,699	-	-	-	-	136,699	-	-	-	-	136,699	-	136,699
Dividends from subsidiaries over claims extinguished by prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business adjustment for loss on hedging instruments	-	-	-	-	149	-	-	-	-	149	-	-	-	-	349	37	486
Business adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	-	(129)	-	(129)	-	(129)	(87)	(216)
Compensation costs of treasury shares transferred to employees	-	-	-	-	4,808	-	-	-	-	4,808	-	-	-	-	4,808	-	4,808
Treasury shares transfer to employees	-	-	-	-	(1,397)	-	-	-	-	(1,397)	-	-	-	-	20,868	-	19,471
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	(171,600)	-	-	(171,600)	-	(171,600)	
Difference between consolidated and the carrying amount of subsidiaries' net assets during actual acquisition or disposals	-	-	-	-	-	-	-	101,298	101,298	101,298	-	(101,298)	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures measured for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve recognized from asset disposals	29,003	-	-	-	688,142	-	(9,202)	-	-	688,142	-	-	-	-	2,127,975	-	2,127,975
BALANCE AT DECEMBER 31, 2020	\$ 47,414,002	\$ 2,000,000	\$ -	\$ 49,414,002	\$ 49,414,002	\$ 18,350,832	\$ 13,609,062	\$ 52,819,470	\$ 95,125,329	\$ 95,125,329	\$ (5,353,538)	\$ 34,028,017	\$ (258)	\$ (696,021)	\$ 226,077,812	\$ 14,238,336	\$ 240,316,148

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

**TAIWAN 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	\$ 35,353,306	\$ 32,633,419
Adjustments for:		
Depreciation expense	6,844,158	6,909,487
Amortization expense	420,925	430,278
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(32,170)	(179,256)
Finance costs	1,986,208	2,199,118
Interest income	(1,363,489)	(815,805)
Dividend income	(1,567,644)	(1,448,451)
Share-based compensation	4,808	826
Share of profit of associates and joint ventures	(3,200,243)	(2,509,388)
Loss on disposal of property, plant and equipment, net	101,742	162,793
Gain on disposal of investments, net	-	(181,349)
Non-financial assets impairment loss	101,299	774,784
Reversal of write-downs of inventories	(72,989)	(36,520)
Unrealized gain on foreign exchange, net	(135,851)	(142,906)
Gain on lease modification	5,939	-
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	175,844	87,629
Notes receivable	2,284,125	(2,605,525)
Accounts receivable	(679,413)	(647,799)
Notes and accounts receivable from related parties	21,721	(31,332)
Other receivables	(50,258)	(23,426)
Other receivables from related parties	385,021	(41,514)
Inventories	320,090	1,217,372
Prepayments	(418,327)	1,001,688
Other current assets	(186,551)	58,080
Contract liabilities	137,727	(51,772)
Notes and accounts payable	(1,308,160)	(195,057)
Other payables	258,701	(223,331)
Other payables to related parties	(389,063)	(469,311)
Other current liabilities	76,969	(80,244)
Net defined benefit liabilities	(36,242)	(144,918)
Cash generated from operations	39,038,183	35,647,570
Income tax paid	(7,758,907)	(6,435,021)
Net cash generated from operating activities	31,279,276	29,212,549
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(34,101)	-
Disposal of financial assets at fair value through other comprehensive income	1,057,782	4,584

(Continued)





## 6.5 Financial Statements and Independent Auditor's Report (Standalone)

## TAIWAN 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
Purchases of financial assets at amortized cost	\$ (26,198,078)	\$ (2,766,430)
Acquisition of investments accounted for using the equity method	(233,942)	(1,284,750)
Disposal of investments accounted for using the equity method	-	41,116
Payments for property, plant and equipment	(9,572,441)	(8,201,795)
Proceeds from disposal of property, plant and equipment	64,452	522,037
Increase in other receivables from related parties	-	(341,280)
Payments for intangible assets	(46,651)	(106,261)
Payments for right-of-use assets	(1,085,531)	(4,122,514)
Disposal of right-of-use assets	-	4,690
Decrease in long-term finance lease receivables	2,278,219	1,698,460
Decrease (increase) in other non-current assets	181,983	(237,937)
Interest received	1,174,062	852,229
Dividends received	2,466,331	2,472,266
Net cash used in investing activities	<u>(29,947,915)</u>	<u>(11,465,585)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	4,533,158	4,364,712
Increase (decrease) in short-term bills payable	371,631	(1,526,816)
Issuance of bonds payable	19,960,000	12,562,200
Increase in long-term loans	4,351,860	14,459,444
Repayments of long-term loans	(6,533,621)	(8,747,894)
Increase in long-term bills payable	35,828,000	81,680,086
Decrease in long-term bills payable	(42,656,000)	(92,356,000)
Repayment of the principal portion of lease liabilities	(417,687)	(437,093)
Increase (decrease) in other non-current liabilities	48,249	(103,829)
Cash dividends paid	(16,479,137)	(19,093,894)
Treasury shares transfer to employees	19,471	2,121
Payment for buy-back of treasury shares	(171,600)	(348,959)
Acquisitions of subsidiaries	(739,890)	(1,017)
Interest paid	(1,896,447)	(2,102,028)
Changes in non-controlling interests	-	7,621
Net cash used in financing activities	<u>(3,782,013)</u>	<u>(11,641,346)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>311,554</u>	<u>(1,040,887)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(2,139,098)</u>	<u>5,064,731</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>53,572,620</u>	<u>48,507,889</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 51,433,522</u>	<u>\$ 53,572,620</u>

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

**勤業眾信**

勤業眾信聯合會計師事務所  
11073 台北市信義區松仁路100號20樓

Deloitte & Touche  
20F, Taipei Nan Shan Plaza  
No. 100, Songren Rd.,  
Xinyi Dist., Taipei 11073, Taiwan

Tel: +886 (2) 2725-9988  
Fax: +886 (2) 4051-6888  
www.deloitte.com.tw

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Taiwan Cement Corporation

**Opinion**

We have audited the accompanying financial statements of Taiwan 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 (collectively referred to as the "financial statements").

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.

**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 Republic of China. 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 Republic of China, 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 description of the key audit matter of the Corporation's financial statements for the year ended December 31, 2020 is as follows:

**Revenue Recognition of Cement Sales**

The Corporation is mainly engaged in the production and sale of various cement and cement products. Revenue from the sale of cement fluctuates frequently due to changes in raw material prices, market supply and demand and the economic environment; in addition, related revenue is recognized at the point in time when the customer collects the cement and the performance obligations are satisfied. Therefore, the validity of revenue recognition of cement sales is considered a key audit matter for the year ended December 31, 2020. Our main audit procedures performed in respect of the aforesaid key audit matter include understanding and testing the design and operating effectiveness of the internal controls related to the revenue from cement sales, and random inspection of the contracts, factory orders and delivery documents from the sales details and testing the





collection information of the samples before the end of the reporting period, in order to verify the validity of revenue recognition of cement sales.

#### 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 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 Republic of China 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 Republic of China, 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 the 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 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 audits resulting in this independent auditors' report are Chih-Ming Shao and Hui-Min Huang.

*Chih-Ming Shao      Hui-Min Huang*

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 19, 2021

#### Notice to Readers

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

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



## TAIWAN CEMENT CORPORATION

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

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 12,008,414	4	\$ 6,666,247	2
Financial assets at fair value through profit or loss (Notes 4, 7 and 26)	290,636	-	259,102	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 26 and 27)	3,404,597	1	3,645,197	1
Financial assets at amortized cost (Notes 4 and 6)	4,900,000	2	-	-
Accounts and notes receivable (Notes 4 and 9)	4,784,095	2	4,592,693	2
Accounts and notes receivable from related parties (Notes 4 and 27)	506,081	-	513,762	-
Inventories (Notes 4 and 10)	1,229,744	-	1,415,222	1
Other current assets (Notes 21 and 27)	179,653	-	577,675	-
Total current assets	27,303,220	9	17,669,898	6
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (Notes 4, 8, 26 and 27)	5,653,008	2	5,334,757	2
Investments accounted for using the equity method (Notes 4, 5 and 11)	248,463,221	78	231,055,055	80
Property, plant and equipment (Notes 4, 12, 20, 27 and 28)	30,590,559	10	26,864,808	9
Right-of-use assets (Notes 4, 13, 20 and 27)	1,314,191	-	1,414,338	1
Investment properties (Notes 4, 14 and 20)	2,503,349	1	3,351,991	1
Intangible assets (Notes 4 and 20)	10,710	-	10,711	-
Prepayments for property, plant and equipment (Note 12)	738,580	-	1,154,488	-
Net defined benefit asset (Notes 4 and 18)	1,549,048	-	1,418,690	1
Other non-current assets (Notes 4, 6, 21 and 28)	768,947	-	601,225	-
Total non-current assets	291,591,613	91	271,206,063	94
<b>TOTAL</b>	<b>\$ 318,894,833</b>	<b>100</b>	<b>\$ 288,875,961</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 15 and 24)	\$ 23,351,729	7	\$ 16,325,928	6
Accounts payable	773,399	-	824,644	-
Accounts payable to related parties (Note 27)	793,211	-	709,471	-
Other payables (Notes 12 and 17)	2,199,950	1	2,224,356	1
Current income tax liabilities (Notes 4 and 21)	197,468	-	-	-
Lease liabilities (Notes 4, 13 and 27)	259,111	-	289,436	-
Long-term loans - current portion (Notes 15 and 24)	4,300,000	2	-	-
Other current liabilities (Note 27)	138,189	-	136,479	-
Total current liabilities	32,013,057	10	20,510,314	7
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 16)	53,897,370	17	35,699,778	12
Long-term loans (Notes 15 and 24)	17,153,417	5	21,431,917	8
Lease liabilities (Notes 4, 13 and 27)	1,071,273	-	1,133,140	-
Notes payable (Note 15)	4,991,327	2	10,806,497	4
Deferred income tax liabilities (Notes 4 and 21)	5,368,524	2	5,337,961	2
Other non-current liabilities (Note 11)	328,048	-	272,286	-
Total non-current liabilities	82,809,959	26	74,681,579	26
Total liabilities	114,823,016	36	95,191,893	33
<b>EQUITY (Notes 4, 19 and 22)</b>				
Share capital	59,414,007	19	56,656,192	19
Certificate of entitlement to new shares from convertible bonds	688,542	-	-	-
Capital surplus	49,122,450	15	48,015,947	17
Retained earnings	74,199,518	23	65,626,033	23
Others	21,146,991	7	23,734,855	8
Treasury shares	(499,691)	-	(348,959)	-
Total equity	204,071,817	64	193,684,068	67
<b>TOTAL</b>	<b>\$ 318,894,833</b>	<b>100</b>	<b>\$ 288,875,961</b>	<b>100</b>

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

## TAIWAN 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 and 27)	\$ 21,578,428	100	\$ 19,265,728	101
LESS: SALES RETURNS AND ALLOWANCES	82,998	-	142,952	1
OPERATING REVENUE, NET	21,495,430	100	19,122,776	100
OPERATING COSTS (Notes 10, 20 and 27)	17,671,017	82	17,298,755	90
GROSS PROFIT	3,824,413	18	1,824,021	10
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	1,228	-	1,228	-
REALIZED GROSS PROFIT	3,825,641	18	1,825,249	10
OPERATING EXPENSES (Notes 20 and 27)				
Marketing	282,027	1	262,500	1
General and administrative	1,367,403	7	1,264,911	7
Total operating expenses	1,649,430	8	1,527,411	8
INCOME FROM OPERATIONS	2,176,211	10	297,838	2
<b>NON-OPERATING INCOME AND EXPENSES</b>				
Share of profit of subsidiaries and associates (Notes 4 and 11)	24,287,862	113	24,753,161	129
Dividend income (Note 4)	348,138	2	307,581	2
Other income (Note 20)	190,283	1	359,843	2
Finance costs (Notes 4 and 20)	(1,508,446)	(7)	(1,316,748)	(7)
Other expenses (Note 20)	(162,495)	(1)	(190,310)	(1)
Total non-operating income and expenses	23,155,342	108	23,913,527	125
INCOME BEFORE INCOME TAX	25,331,553	118	24,211,365	127
INCOME TAX EXPENSE (Notes 4 and 21)	232,244	1	284	-
NET INCOME	25,099,309	117	24,211,081	127

(Continued)



**TAIWAN 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	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 18)	\$ 123,920	1	\$ 421,406	2
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 19)	111,999	-	1,246,314	7
Share of other comprehensive income (loss) of subsidiaries and associates (Note 19)	(4,738,521)	(22)	10,006,604	52
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 21)	(24,784)	-	(84,281)	-
	<u>(4,527,386)</u>	<u>(21)</u>	<u>11,590,043</u>	<u>61</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates (Note 19)	2,136,685	10	(6,623,040)	(35)
Other comprehensive income (loss) for the year, net of income tax	<u>(2,390,701)</u>	<u>(11)</u>	<u>4,967,003</u>	<u>26</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>\$ 22,708,608</b>	<b>106</b>	<b>\$ 29,178,084</b>	<b>153</b>
<b>EARNINGS PER SHARE (Note 22)</b>				
Basic	\$ 4.32		\$ 4.22	
Diluted	\$ 4.09		\$ 4.06	

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

(Concluded)

**TAIWAN CEMENT CORPORATION**

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

	Share Capital		Reserves		Retained Earnings		Other Equity		Total Equity	
	Ordinary Shares	Preferred Shares	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain/Loss on Fair Value Through Other Comprehensive Income	Cash Flow Hedging Reserve	Treasury Shares
BALANCE AT JANUARY 1, 2019	\$ 51,089,099	\$ 2,000,000	\$ 14,784,534	\$ 13,049,862	\$ 33,755,165	\$ 61,588,561	\$ (5,037,221)	\$ 24,074,566	\$ 1,109	\$ (2,545)
Appropriation of 2018 earnings	-	-	-	-	(2,118,082)	(2,118,082)	-	-	-	-
Legal reserve	-	-	2,118,082	-	(2,118,082)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(16,856,867)	(16,856,867)	-	-	-	-
Share dividends distributed by the Corporation	3,575,939	-	-	-	(3,575,939)	-	-	-	-	-
Share dividends distributed by the Corporation	-	-	-	-	34,211,081	34,211,081	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	276,320	276,320	(6,623,040)	(11,320,320)	(6,827)	-
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(34,887,451)	(34,887,451)	(6,623,040)	(11,320,320)	(6,827)	-
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-
Items adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	179,275	-
Compensatory costs of treasury shares transferred to employees	-	-	-	-	-	-	-	-	826	-
Treasury shares transfer to employees	-	-	-	-	-	-	-	-	(624)	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2019	\$ 54,665,032	\$ 2,000,000	\$ 16,902,616	\$ 13,049,862	\$ 33,674,315	\$ 65,626,833	\$ (11,660,261)	\$ 15,995,116	\$ (348,939)	\$ (348,939)
Appropriation of 2019 earnings	-	-	-	-	(2,448,745)	(2,448,745)	-	-	-	-
Legal reserve	-	-	2,448,745	-	(2,448,745)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(13,644,048)	(13,644,048)	-	-	-	-
Share dividends distributed by the Corporation	2,728,819	-	-	-	(2,728,819)	-	-	-	-	-
Share dividends distributed by the Corporation	-	-	-	-	25,099,369	25,099,369	-	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	95,236	95,236	2,136,685	(4,623,001)	(213)	-
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(31,835,825)	(31,835,825)	2,136,685	(4,623,001)	(213)	-
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	-	-	-
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-
Dividends from subsidiaries over shares extinguished by prescription	-	-	-	-	-	-	-	-	136,099	-
Items adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	349	-
Compensatory costs of treasury shares transferred to employees	-	-	-	-	-	-	-	-	4,808	-
Treasury shares transfer to employees	-	-	-	-	-	-	-	-	(1,397)	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Convertible bonds converted to ordinary shares	29,605	-	-	-	101,298	101,298	-	110,293	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	9,202	9,202	-	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 57,414,602	\$ 2,000,000	\$ 19,351,361	\$ 13,049,862	\$ 41,838,527	\$ 74,192,318	\$ (9,232,226)	\$ 10,670,817	\$ (230)	\$ (689,921)

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





## TAIWAN CEMENT CORPORATION

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

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 25,331,553	\$ 24,211,365
Adjustments for:		
Depreciation expense	927,476	885,540
Amortization expense	1	-
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(35,879)	(167,778)
Finance costs	1,508,446	1,316,748
Interest income	(74,136)	(101,734)
Dividend income	(348,138)	(307,581)
Share-based compensation	4,808	826
Share of profit of subsidiaries and associates	(24,287,862)	(24,753,161)
Gain on disposal of property, plant and equipment, net	(1,656)	(4,855)
Inventory write-downs	-	4,851
Unrealized gain on foreign exchange, net	(7,914)	(3,135)
Changes in operating assets and liabilities:		
Notes receivable and accounts receivable	(189,192)	(711,873)
Notes receivable and accounts receivable from related parties	8,897	(39,984)
Inventories	185,478	(43,800)
Other current assets	387,933	(26,165)
Net defined benefit asset	(6,438)	(6,181)
Accounts payable	(51,448)	(112,137)
Accounts payable to related parties	83,740	(278,277)
Other payables	(205,753)	192,115
Other current liabilities	1,710	46,891
Cash generated from operations	3,231,626	101,675
Income tax (paid) received	31,639	(20,262)
Net cash generated from operating activities	<u>3,263,265</u>	<u>81,413</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of financial assets at fair value through other comprehensive income	(19,621)	-
Proceeds from disposal of financial assets at fair value through profit and loss	-	18,806
Proceeds from disposal of financial assets at fair value through other comprehensive income	53,969	4,584
Purchase of financial assets at amortized cost	(5,078,712)	226
Acquisitions of investments accounted for using the equity method	-	(844,333)
Net cash out flow on acquisition of subsidiaries	(966,648)	(1,700,929)
Payments for property, plant and equipment	(3,044,906)	(940,737)
Proceeds from disposal of property, plant and equipment	21,304	5,003
Increase in other non-current assets	(19,808)	(17,049)

(Continued)

## TAIWAN CEMENT CORPORATION

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

	2020	2019
Interest received	\$ 59,806	\$ 114,135
Dividends received	<u>5,285,226</u>	<u>5,176,479</u>
Net cash generated from (used in) investing activities	<u>(3,709,390)</u>	<u>1,816,185</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	7,025,551	3,362,015
Decrease in short-term bills payable	-	(1,499,674)
Issuance of corporate bonds	19,960,000	12,562,200
Increase in long-term loans	-	7,900,000
Increase in long-term notes payable	35,828,000	81,684,000
Decrease in long-term notes payable	(41,656,000)	(92,356,000)
Repayment of the principal portion of lease liabilities	(328,713)	(316,986)
Increase (decrease) in other non-current liabilities	55,717	(156,495)
Dividends paid	(13,994,048)	(16,874,586)
Treasury shares transferred to employees	19,471	2,121
Payment for buy-back of treasury shares	(171,600)	(348,959)
Interest paid	<u>(950,086)</u>	<u>(832,672)</u>
Net cash generated from (used in) financing activities	<u>5,788,292</u>	<u>(6,875,036)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,342,167	(4,977,438)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>6,666,247</u>	<u>11,643,685</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 12,008,414</u>	<u>\$ 6,666,247</u>

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

(Concluded)

## 6.6 Financial difficulties

Disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2020 and as of the date of this Annual Report: None.



## Chapter 7

# Financial position, operating results, and risk management

### 7.1 Financial position

Unit: NT\$ thousands

Item	Year	2020	2019	Difference	
				Amount	%
Current assets		124,309,171	118,145,990	6,163,181	5
Property, plant and equipment		92,108,972	89,881,319	2,227,653	2
Intangible assets		19,563,960	19,656,118	(92,158)	(0)
Other assets		153,524,133	139,798,958	13,725,175	10
Total assets		389,506,236	367,482,385	22,023,851	6
Current liabilities		72,103,708	66,532,743	5,570,965	8
Noncurrent liabilities		98,572,475	92,487,775	6,084,700	7
Total liabilities		170,676,183	159,020,518	11,655,665	7
Share capital		60,102,549	56,656,192	3,446,357	6
Capital surplus		49,122,450	48,015,947	1,106,503	2
Retained earnings		74,199,518	65,626,033	8,573,485	13
Others		21,146,991	23,734,855	(2,587,864)	(11)
Equity attributable to shareholders of the parent		204,071,817	193,684,068	10,387,749	5
Noncontrolling interest		14,758,236	14,777,799	(19,563)	(0)

Analysis:  
There were no significant fluctuations from 2019 to 2020.

### 7.2 Financial performance

Analysis of financial performance

Unit: NT\$ thousands

Item	Year	2020	2019	Difference	
				Amount	%
Net revenue		114,367,247	122,783,014	(8,415,767)	(7)
Operating costs		76,779,667	86,872,759	(10,093,092)	(12)
Gross profit		37,587,580	35,910,255	1,677,325	5
Operating expenses		6,245,763	5,753,534	492,229	9
Income from operations		31,341,817	30,156,721	1,185,096	4
Non-operating income and expenses		4,011,489	2,476,698	1,534,791	62
Income before income tax		35,353,306	32,633,419	2,719,887	8
Income tax expenses		7,361,913	7,178,329	183,584	3
Net income		27,991,393	25,455,090	2,536,303	10

Analysis:  
Non-operating income and expenses in 2020 increased compared to those in 2019 mainly due to the increase in share of profit of associates and joint ventures and interest income in 2020.

### 7.3 Cash flow

#### 1. Analysis of Consolidated Cash Flows in the most recent year

Unit: NT\$ thousands

Cash balance December 31, 2019	Net cash provided by operating activities in 2020	Net cash used in investing and financing activities in 2020	Cash balance December 31, 2020	Remedy for cash shortfall	
				Investment Plan	Financing Plan
53,572,620	31,279,276	(33,418,374)	51,433,522	–	–

1. Analysis of cash flow:  
(1) Net cash provided by operating activities: Represents income from operations.  
(2) Net cash used in investing activities: Represents acquisition of financial assets amortised at cost.  
(3) Net cash used in financing activities: Represents cash dividends.  
2. Remedial actions for cash shortfall: None.

#### 2. Analysis of liquidity analysis for the most recent two years

Item	Year	2020	2019	Difference (%)
Cash flow ratio		43.38	43.91	(1)
Cash flow adequacy ratio		85.40	81.70	5
Cash flow reinvestment ratio		3.55	2.56	39

Analysis of the changes in ratios:  
Cash flow reinvestment ratio increased due to the increase in net cash generated by operating activities and the decrease in cash dividend in 2020.



## 3. Cash flow projection for next year

Unit: NT\$ thousands

Cash balance December 31, 2020	Net cash flow from operating activities in 2021	Net cash flow from investing and financing activities in 2021	Cash balance December 31, 2021	Remedy for cash shortfall	
				Investment Plan	Financing Plan
51,433,522	34,878,000	(8,033,000)	78,278,522	—	—

## Cash flow projection:

- (1) Net cash flow from operating activities: We expect cash to be generated from operating income.  
(2) Net cash flow from investing activities: We expect cash to be used primarily for the increase in capital expenditure.  
(3) Net cash flow from financing activities: We expect to pay FY2020 cash dividends in 2021.

## 7.4 Major capital expenditures and the impact on financial positions and business operations:

Major non-routine capital expenditures include:

- (1) The Company acquired the right to use 31.2 hectare of land in Ho-Ping Industrial District from the Industrial Development Bureau of the Ministry of Economic Affairs to provide storage for alternative raw materials and to strengthen the strategies for circular economy. The Company also acquired the rights to lease the land and the building of a plant in Taoyuan through a public tendering process.
- (2) In support of the government's green energy policy, the Company, through its subsidiary, TCC Green Energy, invests in solar, onshore wind, and geothermal power plants. In 2021, the Company will continue to invest in renewable energy projects.
- (3) Energy efficient vessels: The Company's subsidiary, Ta-Ho Maritime Corporation, placed an order to acquire four energy efficient ships in 2019, which are expected to be delivered in 2021. This subsidiary expects to buy two additional ships before 2023.
- (4) Environmental protection equipment: In line with the government's policy, the Company continues to invest in or enhance its pollution control equipment.

In 2020, total capital expenditure was NT\$9.6 billion (routine and non-routine expenditures). The non-routine capital expenditures listed above are expected to generate additional revenue and provide cost savings.

## 7.5 Long-term investment policy and results:

- (1) The operations of International CSRC Investment Holdings Co., Ltd., in India and China are on a growth trajectory. In 2020, the Company recognized NT\$ 166 million of gain for this investment.
- (2) As the lithium battery market is poised for growth, the Company continues to increase its investments in TCC Recycle Energy Technology Co., the parent company of E-One Moli Energy Corporation. As a result, the Company's share in TCC Recycle Energy Technology Co. increased to 29.70%. In 2020, the Company's share of this investee's loss was NT\$ 77 million. The BOD meeting of TCC, on March 19, 2021, has approved the plan to invest in TCC Recycle Energy Technology Co. for the development of energy storage business up to NT\$ 10 billion.
- (3) In order to expand our global footprint, the Company, through its subsidiary, Cimpor Global Holdings BV, invests in a cement plant in Côte d'Ivoire for the production of environmentally-friendly concrete. The Company recognized NT\$ 762 million of gain related to this investment in 2020.

- (4) Despite the impact of COVID-19 outbreak in China in early 2020, the demand of cement in Guangdong and Yunnan markets remained stable because the government required cement manufacturers to comply with its off-peak production suspension policy as part of the supply-side reform. The Company recognized NT\$ 1.91 billion of gain for its investment in these markets in 2020.

## 7.6 Risk Analysis and Assessment:

## 7.6.1 Impact on the Company's profit and loss from the fluctuation of interest rates, exchange rates, and inflation, and the Company's future countermeasures:

- (1) Fluctuation of interest rates: Many economies have adopted cheap money and expansionary monetary policies due to the global economic impact of the COVID-19 pandemic. The rollout of COVID-19 vaccines should lessen the pandemic's impact and allow the global economy to recover. The fluctuation of interest rates in Taiwan, the US, and China affects the Company's interest income and interest expense, but the interest rates for TWD, USD, and CNY are not expected to fluctuate significantly. Apart from keeping track of interest rates and performing timely assessments of possible risks arising from rate fluctuations, the Company continues to monitor the market to adjust its liability positions or enter into fixed interest rates instruments to hedge against potential interest rate risks.
- (2) Fluctuation of exchange rates: The Company is mainly affected by exchange rate fluctuations for USD, CNY, and EUR. It has adopted a net position through natural hedging and by constantly monitoring exchange rates to timely execute the buying/selling of foreign exchange and forward exchange transactions, or adjusting positions in foreign currency debt to hedge against foreign exchange risks. The Company determines which method to use based on the market status and hedging costs. Exchange rate fluctuations have a minimal effect on the Company's operations.
- (3) Inflation: According to the latest economic projections, demand for raw materials is expected to increase due to the global economy's anticipated recovery, which will cause global commodity prices to rise compared with 2020. According to the Directorate General of Budget, Accounting and Statistics, the consumer price index is forecast to grow by 1.33% in 2021, which suggests inflation will have limited influence on the Company's profit/loss.

## 7.6.2 Risks Associated with High-Risk/High Leveraged Investments; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions:

- (1) The Company and its subsidiaries did not make any high-risk or high leveraged investments in recent years.
- (2) The Company and its subsidiaries only offer lending, endorsements, and guarantees to its subsidiaries or affiliates, all of which maintain normal financial operations, in accordance with the regulations of the Securities and Futures Bureau and the Company's "Capital Lending Operating Procedures" and the "Endorsement and Guarantee Operating Procedures", meaning there is no risk of loss.
- (3) All derivative financial transactions that the Company and its subsidiaries have entered into were strictly for hedging and not for trading or speculation purposes. These transactions were entered into according to the Company's "Asset Acquisition or Disposal Operating Procedures".





### 7.6.3 Future R&D Plans and Expected R&D Spending:

In 2020, the Company continued to invest in its Calcium Looping Program to facilitate equipment transformation in its second generation plants and for testing at the carbon capture plant. In order to continue the carbon capture trial by constructing a demonstration plant for the next phase, and to expand the Microalgae Culture Program for recycling CO<sub>2</sub>, the Board of Directors evaluated the feasibility of expanding the Ho-Ping Power Plant's microalgae culture zone, and approved a budget of around NT\$600 million for the design of Calcium Looping Carbon Capture Technology and the verification of its reliability. The goal is to start using the system to reduce carbon emissions in business operations by 2023. The Company also invested in the development of new materials for Ultra-High Performance Concrete (UHPC) and the further development of Cladding Panel technology to generate new construction materials.

- (1) Plans for the Calcium Looping Technology: In order to increase the overall benefits of calcium looping technology, emphasis will be placed on enhancing carbonization conversion rates by reducing the mole ratio of CaO to CO<sub>2</sub> and energy consumption. The technology will be used experimentally in a 30 MW demo plant, which will execute the development of new generation carbon capture technology, including the integration of steam hydration and multi-stage cyclone systems, the research and development of regenerating pure light-weight carbonated calcium from the deactivation of absorbents, design and procurement for the demo carbon capture system with calcium looping for 30 MW grade, planning of plant construction, and environment impact assessment. The Company expects to invest around NT\$10 million (pre-tax) to progress the industrial application of calcium looping technology in 2021.
- (2) Microalgae Culture Technology: This project aims to expand the research scope for biological carbon fixation, including the use of microalgae and microorganisms, energy utilization, and development of value-added products. A microalgae culture for carbon fixation experiments will be conducted to develop technology to improve the carbon fixation efficiency of algae using bioactive substances. Also, a second-generation bag culture system will be tested to demonstrate microalgae cultures for carbon fixation. The Company will invest NT\$7 million (pre-tax) in 2021 for intelligentization of the microalgae culture system, integration of microalgae bioenergy, demonstration of a two-stage high efficient carbon sequestration system, and development of new value-added products using microalgae.
- (3) Development of "TCC Ultra-High Performance Concrete (UHPC) and the Establishment of Cladding Panel Technology" plan. The Company passed a budget of NT\$8.5 million (pre-tax) to become the first company in Taiwan to attain the capability to develop UHPC products. The plan will focus on development of the ideal ratio for the Company's UHPC Cladding Panels; research regarding the possibility of carbonization of UHPC's surface; planning the production of equipment for the precast factory; and achieving mass production of UHPC. Besides the application of Cladding Panels for the Center for Utilization of Recycled Resources, the research results can also be used for future applications in UHPC products and help to raise the Company's overall technical capabilities.

### 7.6.4 Risk Associated with Changes in the Political and Regulatory Environment:

The Company's operating policies are conducted in accordance with all laws and regulations. The Company pays close attention to any changes in laws and regulations that may affect its business operations, consults with experts to assess the impacts of laws and regulations on the Company, and adjusts any relevant internal regulations as necessary.

On March 26, 2020, the Environmental Protection Administration announced a draft amendment to its "Air Pollution Control Fee Collection Regulations" which aims to improve air quality during the fall and winter seasons through economic incentives by adjusting the range of air pollution control fees. The amendment would increase the fee rates for the first and fourth quarters while reducing fee rates for the second and third quarters, and also provide discounts for enterprises whose air pollution levels in the first and fourth quarters are less than the standard levels set for each quarter. Based on the new calculations, the Company's cement plant's air pollution control fees will slightly increase.

The Company routinely invests in the construction of anti-pollution equipment and adopts technical improvements with the goal of "zero waste, zero pollution, zero emissions." Even though the Company's pollution emission indicators are all better than the general standard levels, it plans to reduce its nitrogen oxide (NOx) emissions thanks to the completion of the staged combustion project, which will help to lower the air pollution control fees to be paid.

The amended Article 64 of the Electricity Act states that an electricity generating enterprise shall comply with the following rule in determining the allocation of its annual profits. Allocation of the annual net profit (not including those from the generation of renewable-energy-based electricity), whose portion exceeds the enterprise's total paid-in capital, shall prioritize measures to improve the operation and maintenance of its machinery, invest in pollution-minimizing infrastructure, and facilitate further advancements in renewable energy. Accordingly, the Company is actively planning and evaluating potential investments in relevant renewable-energy generation projects.

### 7.6.5 Impact of New Technology and Industry Changes:

In response to Industry 4.0, the Company promotes the optimization of internal management systems, focusing on four areas: cloud mobility, Big Data, Internet of Things (IoT), and intelligent machines. The optimization project—which integrates economic, environmental, societal, and risk factors—shifts the focus from objective management to behavior management to allow workers and managers to quickly determine each situation and act accordingly, so improving work outcomes and efficiency. The results include the establishment of a War Room System to monitor each plant's production, operations, and carbon emissions, helping to anticipate risks and control and reduce carbon emissions. Also, the installation of a bearing shell alarm system protects rotary kilns, by monitoring and warning operators when a kiln's temperature is abnormally high. And the modernization of monitoring systems using internet technologies, which continuously monitors six major environmental indicators, has helped to increase management efficiency. The Company also plans to install intelligent diagnostic mechanisms in equipment, which will leverage a smart database to analyze if data falls within reasonable ranges to determine potential abnormalities and alert inspectors to inspect them.





Both Taiwan and China are promoting the co-processing of waste disposal in cement kilns. The Company has over 30 years of experience in solid and hazardous waste disposal, with a research department recognized by the Taiwan Accreditation Foundation. The Company owns the biggest cement kiln co-processing waste disposal unit in Guigang, Guangxi Province, China, with an annual disposal capacity of 200,000 tonnes. It has obtained a five-year permit for hazardous disposal, and operations are scheduled to start in April 2021. Also, Jurong Plant's fly ash disposal incineration plant has finished construction and will come on line in the first quarter of 2021. In addition, Guizhou's Kaili Plant will dispose of 50,000 tonnes of hazardous waste, starting in the third quarter of 2021, while Guangdong's Shaoguang Plant will dispose of domestic waste starting in the third quarter of 2021. These environmental protection efforts will generate business for the Company and also highlight the broader societal benefits of creating a circular economy in the cement industry, and help establish the Company as an industry leader in the area of circular economy.

As the development of new high-efficiency crystalline silicon solar cells have led to an increase in power generation, generation of renewable energy has grown by 30% compared to two years ago. This has led to an improved return on investment in solar power projects, contributing to the project's finance. At the same time, there have also been major technological advances in onshore wind power and geothermal power generation, such as the introduction of wind turbines with better power generation and more efficient binary cycle geothermal power generation systems. The Company continues to monitor the technological advances being made in various power generating equipment and continues to introduce the latest technology in its power generation system.

#### 7.6.6 Changes in Corporate Image and Impact on Company's Crisis Management:

"Everyone only has one nationality, and the nationality is the Earth. A company cannot create a human civilization's factory by itself, it has to work with the environment, the society, and people, becoming a part of life." To achieve sustainable development, Chairman An-Ping Chang puts emphasis on the need for clear communications between industry and society and to achieve a harmonious relationship with Mother Nature and society.

In response to the parlous state of the global climate, and the effects of the recent COVID-19 pandemic, the Company has strengthened its risk management system and taken steps to deepen its Environmental, Social and Governance (ESG) strategy. It has established a Risk Response Executive Management Committee (which directly reports to the Board), a Corporate Sustainable Development Committee, and also introduced a TCFD (Task Force on Climate-related Financial Disclosures) risk evaluation framework, which monitors and measures issues related to environmental, economic, social, and sustainable development. The Chairman of the Company's Board of Directors serves as the Chairman of the Corporate Sustainable Development Committee, while the President serves as its Deputy Chairman, and the other Committee members are selected from among directors, independent directors, and vice presidents.

The Corporate Sustainable Development Committee meets at least once a quarter to discuss issues related to the monitoring and management of environmental, economic, and social, and sustainable development. Every year, the Committee analyzes the major issues that have a material impact on the Company's operations and are of importance to stakeholders, and prioritizes the disclosure of any countermeasures undertaken and their execution status. To better tackle these issues, the Committee has established five working groups to oversee: ethical governance and risk management; circular manufacturing; sustainable environment and products; employee care, and social care.

The Company takes from nature and uses it for society, seeking to strike an appropriate balance between nature conservation and the development of human society. The Company follows the 2015 Paris accord on combating climate change, upholds stringent international standards, and exhibits the sustainable responsibility of an international corporation. In 2020, the Company focused on the areas of responding to climate change, the circular economy, and stakeholder communications. It also established an ESG strategy to cover TCFD matters, information security, and sustainability supply chains. The Corporate Sustainable Development Committee monitors all of these issues and is responsible for executing the ESG strategy and strengthening corporate culture. In addition to releasing an annual corporate social responsibility report, as mandated by law, the Company has also established a new section on its official website to provide timely and illustrative information on its ESG practices, performance and future projects, as part of its ongoing efforts to improve financial transparency and communications around sustainability.

The meetings held in 2020 by the Corporate Sustainable Development Committee focused on the following:

- (1) Responding to climate change: By participating in international initiatives and appraisals, and implementing carbon reduction goals in accordance with the highest international standards, the Company strives to contribute to the mitigation of climate change in order to fulfil its social responsibility as an international corporation.

In 2019, TCC became the first in the traditional manufacturing industry to commit to Science Based Targets initiatives (SBTi), and actively set and execute carbon reduction goals. SBTi targets TCFD structures, and calls for a partnership with the UN's Sustainable Development Goals (SDGs). In July 2020, the SBTi announced that "using 2016 as its base year, Taiwan Cement Corporation promised to lower its greenhouse gas emissions by 11% (including Category 1 by 11% and Category 2 by 32%) by 2025." TCC is one of four cement companies globally that has set a carbon emission reduction goal, and the first cement company in East Asia to do so.

On September 1, 2020, the Company and forty other leading cement and concrete companies of the Global Cement and Concrete Associate (GCCA) unveiled a joint industry initiative called "2050 Climate Ambition," which commits to reducing the cement and concrete industry's CO<sub>2</sub> footprint worldwide, with a goal of carbon neutral concrete by 2050. The Company is responsible for creating a path to carbon neutral concrete in Asia, and to achieve that goal it has established an internal carbon emission monitoring system that has seven carbon emission reduction strategies: use biofuel energy, use alternative fuels, promote power generation from low temperature heat, continuous technology improvements, the development and storage of renewable energy (including geothermal power), the development of carbon capture technology, and the implementation of carbon sink afforestation.

Also the Company has implemented the latest TCFD structure, which periodically monitors and assesses the potential impact of climate change has on operations, to enable the implementation of relevant countermeasures.

Besides setting carbon reduction goals, the Company continues to disclose the effects of climate change on its finances and the countermeasures undertaken. It has been recognised for these efforts, featuring on the "A List" by the Carbon Disclosure Project (CDP) and the Supplier Engagement Rating (SER). The latter also cited the Company as a Supplier Engagement Leader, the only traditional manufacturer in Taiwan to receive this accolade.



- (2) Circular economy: Cement kilns act as urban air purifiers, providing the basis for a waste synergy disposal system that promotes a circular economy, and helps to address social issues created by industry and domestic waste.

According to the World Business Council for Sustainable Development (WBCSD), a cement kiln's average temperature is around 1,300 degree celsius, which can dispose of dioxins that incinerators cannot get rid of. It also helps decontaminate human waste, which can be turned into reusable fuel to replace raw materials and fuel for cement. At the same time, it helps to reduce carbon emissions, and assumes the role of an urban air purifier.

Due to the Earth's limited natural resources, and the push for a circular economy, the Company is committed to creating a co-processing waste disposal system; using technology to continuously circulate resources, raw materials, and waste in industrial supply chains; reducing energy and resource consumption and waste generation. The Company uses its cement kiln technology to dispose of waste from various sectors, such as optoelectronics, semiconductors, paper manufacturing plants, water purification plants, biochemical plants, and steel mills.

With the cement kiln as its core eco-friendly technology, the Company turns industrial waste into recycled resources, replacing the raw materials or fuels needed to create cement. Cross-industry cooperation has not only created a recycle value chain through reusing energy, which lowers energy and resource consumption, but also mitigated problems arising from waste disposal and pollution, to create a low carbon emission circular economy. The Company together with other sectors like semiconductor, steel, and paper manufacturing have formed a symbiotic circular economy relationship. In 2020, the amount of industry waste processed by the Company and others represented some five percent of all industry waste in Taiwan.

In 2020, the Company continued to test new alternative resources, such as waste from laminated film and reducing slag, and alternative fuels, such as waste from wood, wood chips, and coal ash, with the aim of identifying new alternative resources and fuels to achieve carbon emission reduction and recycle resources.

The Company owns the biggest cement kiln co-processing waste disposal unit in Guigang, Guangxi Province, China, with an annual waste disposal capacity of 200,000 tonnes. It has obtained a five-year permit for hazardous disposal, and operations are scheduled to start in April 2021. Meanwhile, Jurong Plant's fly ash disposal incineration plant has finished construction and will come on line in the first quarter of 2021. In addition, Guizhou's Kaili Plant will dispose of 50,000 tonnes of hazardous waste, starting in the third quarter of 2021, while Guangdong's Shaoguang Plant will dispose of domestic waste starting in the third quarter of 2021. These cement kilns will become a core part of the circular economy in these geographical areas, and serve as urban air purifiers.

In 2018, the Company became the first in the global cement industry to achieve the BS 8001 Circular Economy certification, and the following year it was rated as "optimizing" by the BS 8001 Circular Economy. Also, in 2020, Hualien's Environmental Protection Agency collaborated with the Company to adopt the build-own-operate (BOO) model for a cement kiln co-processing waste disposal proposal. In September 2020, the waste disposal proposal passed an environmental assessment and led to the creation of the first cement kiln co-processing plant in Taiwan.

- (3) Stakeholder communications: The Company uses various channels to promote its philosophy among different stakeholders. Based on the principles of perceptiveness, transparency, assimilation, sharing, and integration, the goal is to reinforce stakeholders' understanding about the Company, and to also enhance our corporate image.

(a) Investor communications

The Chairman and management team regularly report on and highlight the Company's sustainability philosophy (including its carbon reduction goals and actions, and the TCC DAKA initiative) to shareholders and investors through board meetings and investor conferences. In response to inquiries from government bodies and others the Company adopts transparency and honesty regarding the disclosure of information on its sustainability performance, its responsibilities in sustainable development, as well as its future sustainability-related plans.

(b) Societal communications

The Company pays close attention to the relationship between industry (especially cement), nature, and society. To promote its philosophy of mutual benefits between industry and society, in 2019, the Company established Taiwan's first ecological recycling factory in Hualien called TCC DAKA, which is open to the general public. It aims to promote ecology, knowledge, culture, and leisure, and integrates the culture of the local Taroko tribe, and has proven a successful demonstration of how industry sustainability can create value for wider society.

The TCC DAKA project acts as an important medium for the Company to communicate with society to show what it does and how it brings broader benefits to society. The Company uses TCC DAKA to communicate in different ways with society, such as the "I am Walking on Heping" initiative which encourages the public to participate in the different tours that the factory offers, bringing the public closer to the cement industry.

In April 2020, TCC DAKA became the first large industrial factory in Taiwan to receive a certification from the Ministry of Economic Affairs. In May 2020, the Company released a documentary film, "Let's Be Better." about the heart-warming story behind TCC DAKA, which received the Golden Eagle award from the Taiwan Institute for Sustainable Energy (TAISE). In the second half of 2020, the "DAKA Music Village" was created in the ecological park for aboriginal tribes to perform their music to visitors, providing a place for people to enjoy and experience Taiwanese aboriginal music, while at the same time helping the local community.

A total 2.52 million people have so far visited TCC DAKA since it first opened on January 9, 2020, including 8,500 people who joined its three-in-one circular economy tour, ranking it the second most popular attraction in the Hualien area after Taroko Gorge. All of the income collected from the park is donated to the Hualien Heping Elementary School's Education Fund, which is used for the development of community education. In addition, as of 2020, the Company has donated over NT\$2.3 million to the elementary school's Education Fund.

The TCC DAKA park's diverse activities help to facilitate communications between society, culture, and industry. It has enabled the Company to not just promote the value of sustainability, but to also present the possibility of symbiosis between ecology and industry, thereby strengthening our relationship with society.

(c) Internal communications



Sustainability management is an important issue highlighted in internal communications. The Company has established an organizational structure for sustainability matters, endeavoring to pass down the value of sustainability through various channels, such as internal ESG educational training, which is implemented by each department sharing their own ESG related issues. The Chairman holds monthly meetings attended by the President, Vice Presidents, each departmental management team, and other plant management from around the world, to discuss and review various strategies and corporate social responsibilities and sustainability. The Company also holds quarterly Town Hall meetings, remuneration meetings, union meetings, and employee welfare meetings, which allow the Chairman, managers, and other employees to interact with each and share opinions and feedback, as well as to directly communicate the importance of the Company’s sustainable development goals. All of these various activities help employees to realize the value and importance that a green-friendly company like TCC can have on the complicated relationship between society and nature.

**7.6.7 Risks Associated with Mergers and Acquisitions:**None.

**7.6.8 Risks Associated with Facility Expansion:**

To increase cement clinker and cement capacity in China and to fill the vacancy between the Yingde Plant in Guangdong and the Hunan Plant, the Company established a new plant in Shaoguan, Guangdong . The Company also established a waste disposal project in Shaoguan, Guangdong, which has an annual capacity of two million tonnes and is the first cement plant of the Company that has a built-in disposal facility. This plant will act as the command center for the planned expansion into northern Guangdong. Due to the delay in receiving a mining permit, the plant is still under construction and it is not expected to start operations until the third quarter of 2021.

In line with the Taiwan government’s vision of a nuclear-free homeland by 2025, and its goal of generating 20% of all electricity using renewable energy, the Company has invested in renewable energy. These include Phase I and II of the solar energy power plant at the Company’s former chemical plant in Chang-Bin Industrial Zone with a total power output of 12.1MW; Phase 1 of a 7.2MW onshore wind power plant, and rooftop solar panels at the Taitung Dadu Plant with 424.08kW output. These are all connected to the national grid and have begun generating power.

Some of the ongoing power projects include Phase II of a 14.4MW onshore wind power plant in Changhua Fangyuan; Phase II of a 14.4 MW onshore wind power plant in the Chang-Bin Industrial Zone which is undergoing an environmental impact assessment; a Phase I (44.47 MW) for the integration of fishery and power generation in Yi-Chu, Chiayi, which has been submitted to the county government for review; Phase II (22MW) for the integration of fishery and power generation in Yi-Chu, Chiayi, which is undergoing land development integration. The rooftop solar panels at the Kaohsiung CSRC warehouse (725.4kW), Taitung Linyuan warehouse (455.7kw), and the Tainan E-One warehouse (496.6kW) are schedule to be connected for grid power generation in the second, third, and fourth quarters of 2020, respectively. These are all expected to bring stable revenue for the Company.

The Company’s renewable energy business involves the development and construction of energy generation projects and the sale of green energy. It is not a manufacturing business. The Company plans on using the OEM model to develop energy storage systems, and so there is no plan or need to create or expand any new plants.

With the rising awareness and growing number of regulations focusing on environmental protection,

the Company plans to construct a new wastewater treatment plant. To enhance the capability of this plant and reduce the concentration of effluent water, the Company analyzes the risks and opportunities from operating power plants to continuously improve and strengthen the ecological benefits that can be generated.

**7.6.9 Risks Associated with Purchase and Sales Concentration:**None.

**7.6.10 Risks Associated with Sales of Significant Numbers of Shares by the Company’s Directors and Major Shareholders Who Own 10% or more of the Company’s Total Outstanding Shares:** None.

**7.6.11 Risks Associated with Change in Management:** None.

**7.6.12 Risks associated with litigation**

Are there any major litigation, non-litigation events, or administrative disputes that have reached verdicts or are still in progress as of the publication date of the report? None.

List the major litigation, non-litigation events, or administrative disputes involving directors, presidents, principal, and shareholders holding over 10% of the company or its subsidiaries that have reached verdicts or are still in progress, and which may cause significant impact to shareholders’ interests or the share price as of the publication date of the report:

(1)

Company name	Ta-Ho RSEA Environment Co., Ltd.
Details of the dispute	The arbitration states that according to the build-own-operate (BOO) contract between Ta-Ho RSEA Environment Corporation and the Yunlin County Government, “Yunlin County Government encourages Public and Private Institutions to Operate Waste Incineration Plant Memorandum”, the Yunlin County Government should pay a first-stage payment of NT\$1.5 billion by November 30, 2008 and the remaining balance (around NT\$1.44 billion, including NT\$1.387 billion in Taiwan dollars, NT\$1.706 million in US dollars, and NT\$307 thousand in Japanese yen) by June 30, 2009. At the same time, Ta-Ho RSEA Environment Corporation should transfer assets to the Yunlin County Government.
Contract value	Around NT\$2.94 billion
Litigation start date	Arbitration date: October 1, 2008
Parties concerned	Ta-Ho RSEA Environment Co., Ltd., and Yunlin County Government
Status	Ta-Ho RSEA Environment Corporation applied to have the decisions determined by the arbitration to be enforced, including the principal and interest amounting to NT\$3.54 billion. On February 17, 2020, the Supreme Court ruled to dismiss the second interlocutory appeal, ruling that interest of NT\$270 million should not be included in the compensation. Based on the final results of the court proceedings, Ta-Ho RSEA Environment Corporation should be compensated the principal and interest sum of NT\$3.54 billion, which has been fully paid off.





Company name	Ta-Ho RSEA Environment Co., Ltd.
Details of the dispute	As stipulated in Article 10.5 of the “Yunlin County Government encourages Public and Private Institutions to Operate Waste Incineration Plant Memorandum” (a BOO contract) entered by and between Ta-Ho RSEA Environment Co., Ltd., and the Yunlin County Government, once the contract is terminated due to reasons attributable to the Yunlin County Government, all assets of the Linnei Incineration Plant (the Plant) shall be transferred to the Yunlin County Government. However, the Yunlin County Government refused to receive these assets. Since October 31, 2006, when the BOO contract was terminated, Ta-Ho RSEA Environmental Corporation has continued to operate and maintain the plant on behalf of the Yunlin County Government. As of December 31, 2017, the operating costs of the plant amounted to NT\$138 million. Between January 1, 2018 and January 31, 2021, management fees totaling NT\$36 million had been incurred. The total of the operating costs and management fees was NT\$174 million.  Ta-Ho RSEA Environment Corporation was awarded NT\$2.9 billion. After arbitration, the Revenue Service Bureau of the Yunlin County Government noted that Ta-Ho RSEA Environment Corporation had to pay NT\$166 million in taxes in relation to the compensation.
Contract value	Approximately NT\$348 million
Litigation start date	A petition was submitted on February 15, 2019.
Parties concerned	Ta-Ho RSEA Environment Co., Ltd., and Yunlin County Government
Status	An arbitration tribunal was formed on May 22, 2019 and ended on February 4, 2021. Arbitration is scheduled to reach a conclusion on April 10, 2021. All assets of the Plant have been tallied and the handover process has been completed during the period from January 4, 2021 to January 21, 2021, and all assets have been taken over by the Yunlin County Government from February 1, 2021. The notarization of assets register and registration of transfer of ownership of assets are in the progress.

(2)

Company name	Ho-Ping Power Company
Details of the dispute	The Fair Trade Commission (FTC) fined Ho-Ping Power Company NT\$1.35 billion for violation of Article 14 of the Fair Trade Act.
Contract value	NT\$1.35 billion
Litigation start date	March 2013
Parties concerned	Ho-Ping Power Company and the Fair Trade Commission
Status	In November 2013, the Fair Trade Commission changed the original penalty to a fine of NT\$ 1.32 billion. On June 30, 2015, the Taiwan Supreme Administrative Court denied the original decision (where Ho-Ping Power Company won the case) and remanded the case to the Taipei High Administrative Court. On May 25, 2017, the Taipei High Administrative Court maintained its original decision that the penalties in response to anti competition should be revoked. In response, the Fair Trade Commission appealed to the Supreme Administrative Court. On September 6, 2018, the Supreme Court dismissed the appeal. (Case Series: 2018 No. 1380.) For the remaining part of the case, the Supreme Court revoked the original decision (Case Series: 2018 No.505), and remanded it back to the Taipei High Administrative Court (Case Series: 2018 No. 116.) In May 2020, the Taipei High Administrative Court dismissed FTC’s penalties. In response the FTC appealed the case and it is currently under review by the Supreme Administrative Court. Acting on the principle of conservativeness, Ho-Ping Power Company accrued for the relevant losses in 2012, and had paid all of the penalties by June 30, 2019.

Company name	Ho-Ping Power Company
Details of the dispute	Taiwan Power Co., Ltd. (Taipower) filed an administrative lawsuit with the Taipei High Administrative Court, claiming a payment for NT\$ 5.5 billion. The amount totaled to NT\$ 10.76 billion including interest. In addition, there was a civil lawsuit against Taipower with the Taipei District Court, amounting to NT\$ 5.2 billion.
Contract value	Around NT\$16 billion.
Litigation start date	September 2015
Parties concerned	Ho-Ping Power Company and Taiwan Power Company
Status	1. Taipower has two litigations including: (1) In September 2015, the Ho-Ping Power Company was served a summons by the Taipei High Administrative Court on charges brought forth by Taipower. In February 2017, the case was remanded to the Taipei District Court, and the claim was amended to NT\$10.76 billion. On October 30, 2019, the Taipei District Court denied the claim brought forth by Taipower. Originally, Taipower had filed an appeal with the Taipei High Administrative Court, but withdrew it in June, 2020, bringing an end to the litigation. (2) In November 2015, Ho-Ping Power Company was served a summons by the Taipei District Court for a civil lawsuit based on the same case. In May 2020, the claim was reduced from NT\$5.268 billion to NT\$1.755 billion. It is still pending trial at the Taipei District Court. 2. Ho-Ping Power Company believes Taipower does not have a valid standing for the case, thus it has not accrued for a potential loss.

### 7.6.13 Other material risks

#### 7.6.13.1 Implementation of environmental protection and climate change management

On December 12, 2015, the United Nations Climate Change Conference concluded the Paris Agreement, a legally binding international treaty on climate change. It aims to limit global warming to well below 2, preferably to 1.5, degrees Celsius, compared to pre-industrial levels, so as to greatly reduce the risk and impact of climate change. In the Climate Change 2007: Synthesis Report, the Intergovernmental Panel on Climate Change listed national energy policies, comprehensive waste disposal, and management of water resources as key countermeasures to combat climate change. The Ellen MacArthur Foundation views the promotion of a circular economy as a viable strategy to adapt to climate change, by reducing greenhouse gas emissions, improving emergency responses to disasters, creating more livable cities, and facilitating technology innovation. By changing production processes and product usage, the circular economy aims to lower emission reductions. The world has reached a consensus to achieve a zero-emission economy. The next step is to take measures to accomplish a zero-emission economy.

TCC understands the impact of climate change, and so it promotes a “one-stop environmental protection” policy, which is a green value chain strategy. Using its cement plants as the centerpiece, TCC consolidates its resources to help the central and local governments, and private companies to recycle waste. The Company uses its cement kilns for waste disposal to achieve a circular economy, which helps lower the impact of climate change.

#### 1. Strategies to combat climate change risks

The Company has designated a department to handle compliance with government regulations and policies related to climate change, adaption to climate change, and international discussions regarding these issues. The department collaborates with research teams on carbon capture technology and recycling CO<sub>2</sub>. It also complies government regulations and provides suggestions to assist the government to overcome obstacles regarding waste disposal and recycling resources.





– Management execution

By establishing the ISO 50001 energy management system, the Company seeks to further improve in its energy usage, including conducting baseline energy surveys, and proposing improvement plans. From 2007, the Company started to inventory its greenhouse gas emissions, obtaining ISO 14064 Greenhouse Gas Accounting and Verification, which is used to set emission reduction targets. From Q2 2019, the Company started to include each cement plant's emission levels into the quarterly bonus assessments, urging each cement plant to reduce their carbon emission per product unit.

– Low-carbon emission products

Cement is a key ingredient in construction, made from milling and kilning of mines. Besides using the vertical well extraction method to reduce any environmental impact, the Company continues to research ways to reuse resources and recycle energy to replace natural resources and raw materials, aiming to reduce cement product consumption and lower greenhouse gas emissions. In 2018, the Company achieved the "optimal level" grade for the BS8001 Circular Economy certification, which promotes the reuse of waste and recycling resources in producing high quality cement.

– Sustainable ecology

TCC supports the Dr. Cecilia Koo Botanic Conservation and Environmental Protection Development Foundation, which was founded in 2007. It established the Dr. Cecilia Koo Botanic Conservation Center (KBCC) in the Kaoshu rural township in Pingtung County, with a mission to conserve tropical and subtropical plants and maintain a rich biodiversity. The KBCC helps the Company to realize its philosophy of sustainable development, environmental protection, and adaptation to climate change.

2. Identifications of climate change risks and opportunities

– Law and regulatory aspects

Under energy and circular economy related policies and regulations, the Company acts as an eco-solution provider, providing support in various ways to mitigate and adapt to climate change, hoping to lower the impact of climate change for industries and local government.

– Enterprise risk management aspects

Global warming has resulted in an extreme and abnormal climate, resulting in the suspension of production and endangering employees. The Company has contingency plans and risk management procedures in place as countermeasures. The Company also regularly reviews these plans to make sure they are up to date. Moreover, when conducting plant design (such as the coal warehouse at the Ho-Ping Power Plant), the Company integrates designs that can help adapt to climate change and execute better control of climate risks.

– Product management risks

The Company has lowered the energy consumption per product unit through systematic management. By innovating and developing products by replacing materials and fuels with alternative materials and recycled fuel, the Company is able to achieve reductions

in carbon emissions and to lower the risk of material shortages from climate change. In 2020, the share of recycled resources per cement unit increased to 23.05% from 19.07% in 2019.

3. Climate change opportunities

– International issues and regulatory aspects

In addition to performing inventory counts of greenhouse gases and reducing such emissions, the Company introduced a green value chain in 2016 in response to the government's energy and circular economy policies. The Company participated in a carbon capture utilization and storage (CCUS) initiative, creating climate change opportunities, as well as in various resource reuse and renewable energy initiatives. On December 1, 2019, the Group's chairman, An-Ping Chang, signed a memorandum to approve the Science Based Targets Initiative (SBTi.) In May, 2020, the Company officially submitted its targets and relevant details for review to the SBTi. In June 2020, the SBTi certified TCC's targets and in July 2020, announced the Company's goals on SBTi's website. The Company pledged to lower greenhouse gas emissions, using 2016 as the base year, by 11% (including Scope 1 by 11% and and Scope 2 by 32%) by 2025. In 2020, the Company started to conduct inventory counts of the carbon emissions of Ho-Ping Plant's Type I Cement and Taichung Cement Products Factory (Da-ya)'s 3000psi ready-mix concrete. The Company received confirmation of its inventory count regarding carbon emissions in July 2020. The Company also passed a review by the Environmental Protection Agency in July 2020, implementing the Taiwan Cement Product's Product Category Rules (PCR.) For future products, all TCC cement will disclose their carbon footprint on the packaging.

– Corporate management and operations aspects

Besides continuously growing, the TCC Group actively works with the government with regard to environmental protection issues, and continues to communicate with its employees and stakeholders, with the aim of helping to mitigate climate change.

– Product management aspects

Besides ensuring high quality products, the Company actively seeks to improve efficiency in energy usage and discloses its carbon emissions, helping consumers to understand the Company's efforts on reducing carbon emissions and mitigating climate change.

4. Strategy to revive ecology at mines



The Company has pledged to revive the local ecological environment as part of the mining process, by using the vertical well extraction method, which has minimal impact on the surrounding ecology. The Company conducts afforestation, lowering the exposed soil and rock area, which helps to conserve soil and water. To prevent potential flooding, the Company constructs grooves, ditches, flood detention basins, and embankments to prevent disasters. Through afforestation, the Company aims to rebuild the ecology, and facilitate the mines to maintain green vegetation, lowering the impact the extraction has on the environment. The Company has a comprehensive plan regarding the revival of the ecology of mines as well as a biodiversity action plan. Referencing international standards on managing the ecology of mines, the Company hires third-party service providers to provide assessment reports. These are used to formulate and implement strategies to revive the local ecology and protect endangered species, thus striking a balance between civilization and nature.

– Survey of the value of ecosystem

In 2020, the Company engaged the School of Forestry and Resource Conservation of the National Taiwan University to conduct an assessment of the value of ecosystem at the Jinchang mine. The investigation covered carbon sequestration, water conservation, air purification, soil erosion prevention, and biodiversity. The report showed that over the twenty years of extraction at the mine, the value of the ecosystem had decreased by at least NT\$108 million. Consequently, the Company promised to invest at least NT\$5.8 million to protect the ecology of mine and the revival of the surrounding ecology. The Company pledges to monitor the water quality of the grit tank and terrestrial ecology at the mine, to expand the assessment area of the ecosystem, adding 16 more biodetection cameras.

– Revival of ecology

The Suao cement plant works with the Yilan University Department of Horticulture and Landscape Architecture to facilitate the return of the native animals and plants to rebuild the entire ecosystem. At the moment, the afforestation has been completed, the mine has been restored to 90%. The Ho-Ping plant works with the KBCC. By leveraging the technology to simulate the revival, the Company was able to better map the plan for the revival of ecology. The plan is to replant every 5 kilometers extracted. In 2020, the Company has prioritized the revival of the Swamp Gelonium, by using the Plant and Harvesting Center to nurture the seedlings, then groom the seedlings to adapt to the weather of the Ho-Ping Mines, then plant the seeds on the stump. The Plant and Harvesting Center also set a plant zone in TCC DAKA to educate the crowd about the different appearances of the plants.

5. Jinchang quarry event

Hualien Jinchang Quarry was the first legal quarry in Taiwan to pass an environmental assessment and environmental deviation evaluation. Since 2008, the Jinchang Quarry has been subject to many administrative procedures such as environmental assessment, land utilization conversion, water conservation construction permits, and more. After eight years and multiple evaluations from at least six government agencies, the Jinchang Quarry finally started extraction operations. However, in 2019, the Taipei High Administrative Court demanded Jinchang Quarry suspend all activities.

Quarries are at the heart of the cement industry. The Jinchang Quarry satisfied all approval

conditions, as evidenced by receiving permission to start extraction work on September 1, 2016. In 2004, the Company submitted an environmental deviation evaluation, but received a reply from the Executive Yuan saying that this was not required. Before starting the extraction process, the Environmental Protection Agency replied to the Company agreeing to the environmental assessment conclusion from 2008. Although the administrative appeal sided with the Jinchang Quarry in 2017, the Executive Yuan dismissed the verdict, causing the Company to face a difficult challenge.

In 2020, TCC Chairman An-Ping Chang highlighted the importance of achieving the public's trust and approval. As a result, the Company decided to again conduct an environmental deviation evaluation to get the trust and approval of the public. Although the Company does not agree with the decision of the Executive Yuan, it understands its responsibility as a cement industry leader. By discussing and negotiating with the public, TCC hopes to facilitate a cooperative approach between industry and society, instead of constant opposition between the two sides.

In June 2020, TCC suspended work in the quarry and conducted an environmental deviation evaluation. On November 11, 2020, members of an environmental assessment meeting approved Jinchang Quarry's environmental deviation assessment, becoming the first quarry to factor in the circular economy and industry development. The following is a list of events at Jinchang Quarry.



Date	Government Branch/Authority	Event
February 21, 2008	Environmental Protection Agency	Passed Phase I of environmental assessment.
April 2, 2009	Bureau of Mines, Ministry of Economic Affairs	Obtained permission to use land for mining: (1) Obtained permission for construction of land and water conservation (2) Achieved change in use of land (3) Signed lease for use of land
April 19, 2013	Ministry of Interior	Achieved change in use of land
April 26, 2013	Hualien County Government	Applied twice for construction of land and water conservation and applied to start construction, but was denied due to pending issues.
August 20, 2013		
March 13, 2014		
March 14, 2014		
May 22, 2014	Environmental Protection Agency	No need for environmental deviation evaluation.
September 14, 2015	Hualien County Government; Bureau of Mines, Ministry of Economic Affairs; Executive Yuan	Per the Bureau of Mine's request, the Company requested permission to start construction for the conservation of land and water for the third time.
February 26, 2016	Hualien County Government; Bureau of Mines, Ministry of Economic Affairs; Environmental Protection Agency; Executive Yuan	Achieved permission to start construction for land and water conservation.
August 19, 2016		Achieved confirmation to start construction on September 1, 2016.
August 26, 2016		The Environmental Protection Agency asked to execute the environmental assessment.
September 1, 2016		Start of construction.
December 30, 2016		The Environmental Protection Agency asked to submit the environmental deviation evaluation.
January 6, 2017		Jinchang Quarry asked the Executive Yuan to dismiss the Environmental Protection Agency's improper ruling.
February 8, 2017		Received permission to change quarry registration certificate.
March 24, 2017		The Executive Yuan revoked the Environmental Protection Agency's ruling. The Company can continue with construction.
October 16, 2017		The Environmental Protection group appealed to the Executive Yuan to reverse its ruling.
May 16, 2019		The High Court
June 9, 2020		TCC Chairman An-Ping Chang decides to conduct an environmental deviation evaluation.
November 11, 2020		Members of the Environmental Assessment meeting approved the Company's environmental deviation evaluation.

### 7.6.13.1 Information security

#### 1. Policy

The Company implemented an IT security system that adheres to the ISO/IEC 27001:2013 standards in order to ensure the safety of its data and information system. The Company continues to update and improve the security system to ensure its effectiveness.

#### 2. Goal

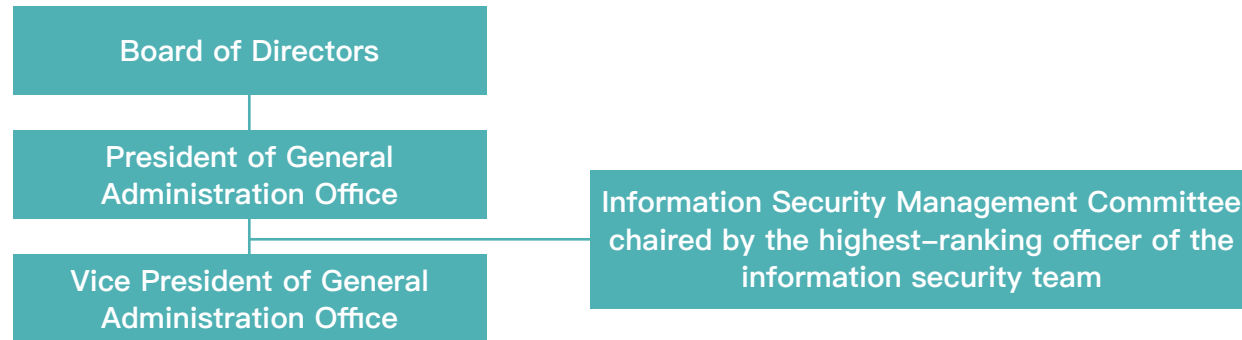
- The Group has adequate protection and preventive measures for storing and transmitting information.
- Mitigate the impact when damage, loss, leakage, manipulation, or infringement of information security occurs.
- Continue to enhance confidentiality, integrity, and availability of information management systems.
- Ensure best protection for corporate information and services. There were no security breaches in 2020.
- As the core of TCC's sustainable operations, the Company conducts annual drills to ensure the effectiveness of backup data to assure the information management system can continue to operate even when unforeseen disasters strike and damage the core operating system.
- The Company adheres to the standard of ISO/IEC 27001: 2013 and acquired the certification in December 2020 when it passed an information security evaluation.





### 3. Organization chart

In 2020, the Company established an Information Security Management Committee, which is chaired by the highest ranking officer of the Information Security team. The committee regularly reports to the Board of Directors. One director has a background in information security.



### 4. Operation mechanisms

The Company implemented its information security system with a defense in-depth approach, which starts with external security measures to defend against external attacks from hackers, computer viruses, and extortion emails that can affect the Company's operating system. To mitigate IT security risks, the Company regularly evaluates the appropriateness and effectiveness of its information security policies, and implements plans to improve its protective measures. The Company also strengthens employee awareness of information security by regularly providing training and publishing announcements regarding information security. While adhering to the standard of ISO/IEC 27001:2013, the Company has adopted a Plan-Do-Check-Act (PDCA) cycle, establishing the information security system, and continuing to maintain and improve its operation.

-Plan: The Company has established an Information Security Management Committee, which monitors inherent risks and flaws, plans risk assessments, and designs and establishes control mechanisms in order to build an information security management system.

-Do: Establish or monitor control mechanisms based on the evaluation results.

-Check: Evaluate and audit the effectiveness of the information security management system.

-Act: Execute corrective actions to improve the information security management system to ensure its operational effectiveness.

### 5. Information risk management

-The information security policies are based on ISO/IEC 27001:2013.

-Evaluate information security risks and establish a monitoring system.

-Investigate and identify information security events.

- Collect network traffic information
- Analyze data for patterns



- Monitor network traffic
- Have a grasp on potential attacks

- Digital identification
- Track source of attacks
- Implement improvement plan

- Timely alerts
- Countermeasures
- Damage control

### 6. Information security audit

-Implement and execute internal and external audit procedures per ISO/IEC 27001:2013.

-Implement and manage the information security audit and alert system.

-Promote information security awareness and clarify relevant regulations.

### 7.7 Other material information:

As of the publication date of this annual report, TCC does not have any other material information.

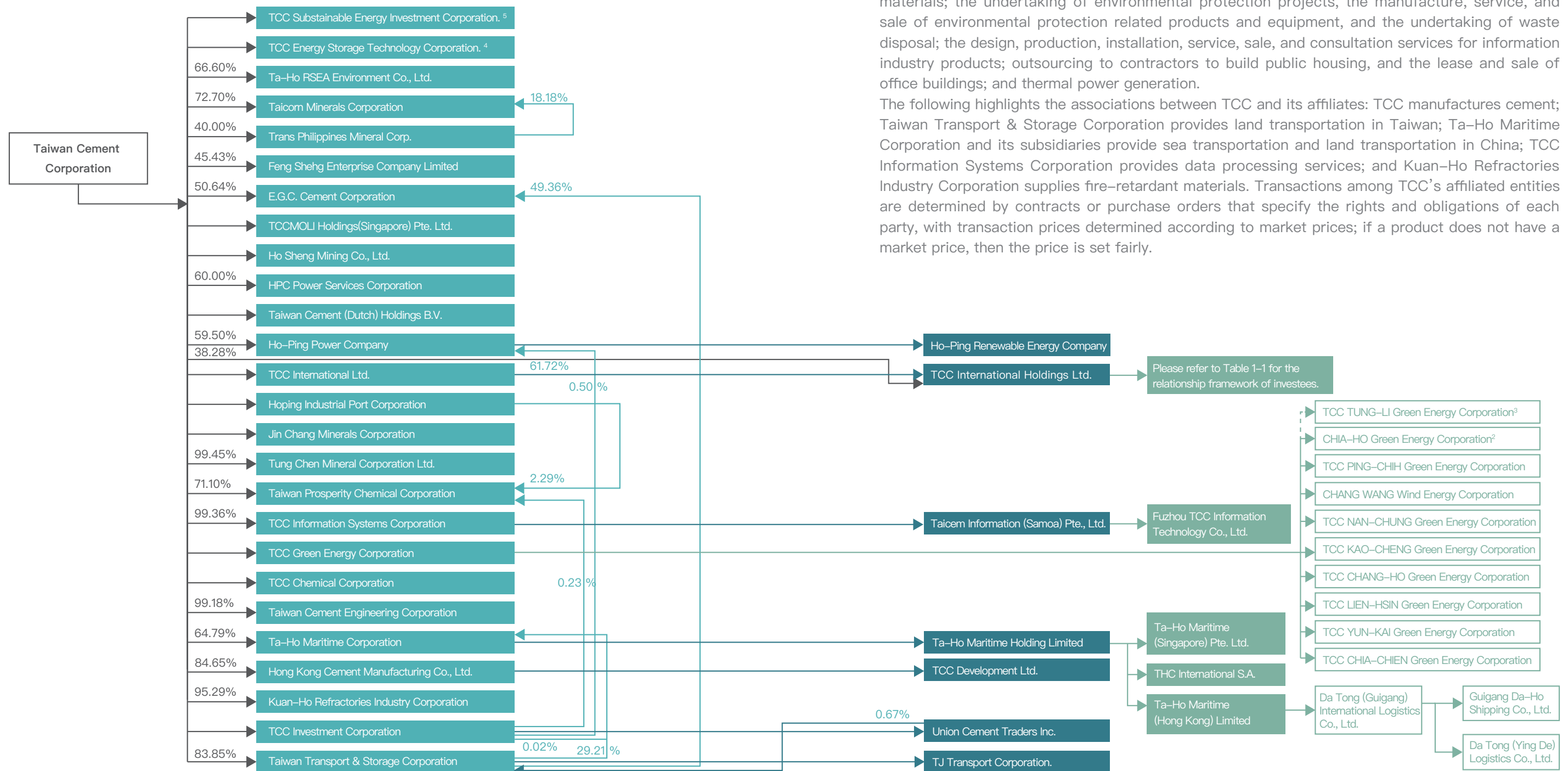




# Chapter 8 Special notes

## 8.1 Information on affiliated entities

**Table 1** Taiwan Cement Corporation and its subsidiaries Group organization chart<sup>1</sup>  
December 31, 2020



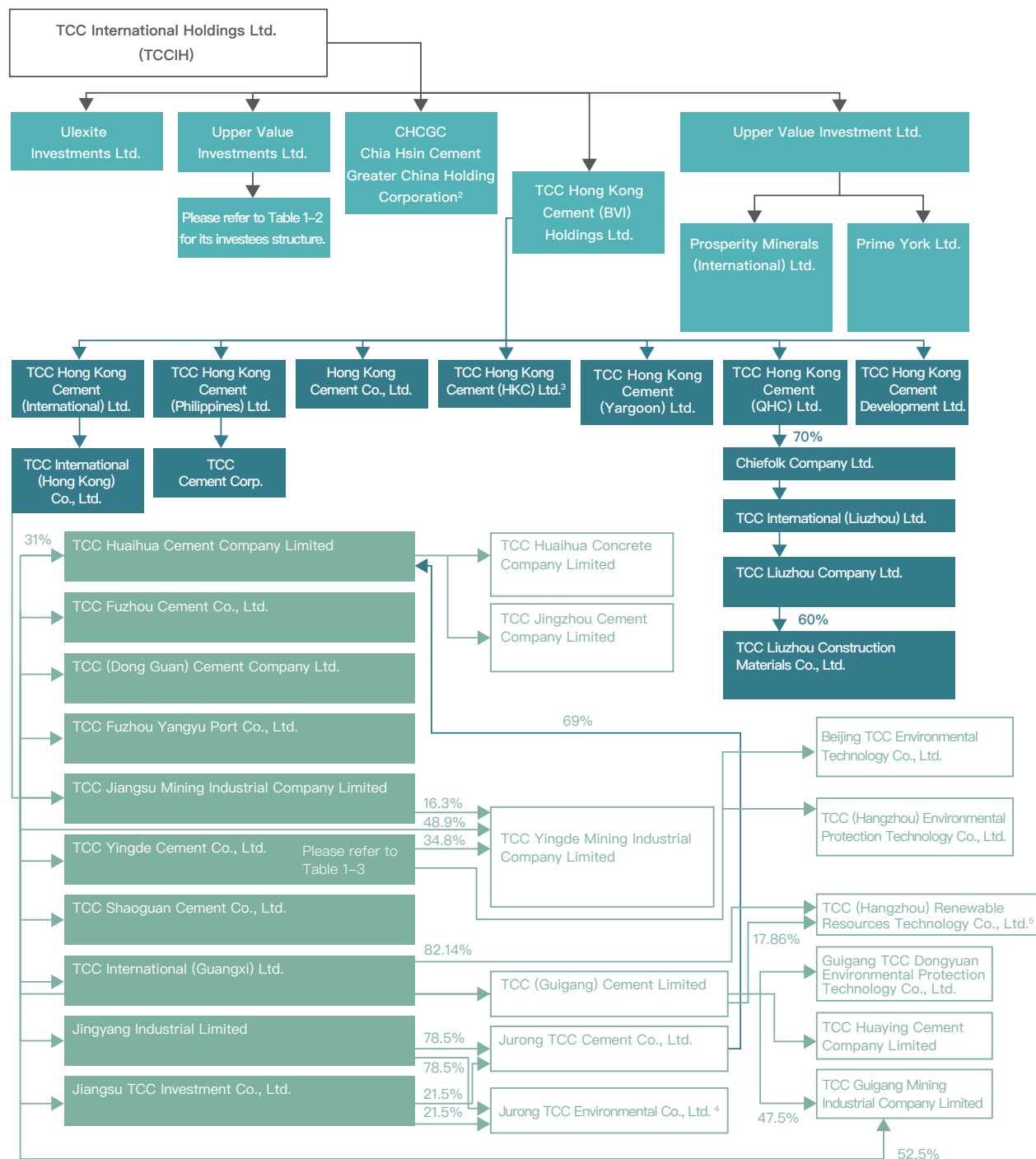
The scope of business of TCC's affiliates includes the generation of electricity; manufacture and sale of chemicals; land transportation; sea transportation; manufacture and sale of fire-retardant materials; the undertaking of environmental protection projects, the manufacture, service, and sale of environmental protection related products and equipment, and the undertaking of waste disposal; the design, production, installation, service, sale, and consultation services for information industry products; outsourcing to contractors to build public housing, and the lease and sale of office buildings; and thermal power generation.

The following highlights the associations between TCC and its affiliates: TCC manufactures cement; Taiwan Transport & Storage Corporation provides land transportation in Taiwan; Ta-Ho Maritime Corporation and its subsidiaries provide sea transportation and land transportation in China; TCC Information Systems Corporation provides data processing services; and Kuan-Ho Refractories Industry Corporation supplies fire-retardant materials. Transactions among TCC's affiliated entities are determined by contracts or purchase orders that specify the rights and obligations of each party, with transaction prices determined according to market prices; if a product does not have a market price, then the price is set fairly.

1. Unless specified otherwise, the shareholdings of others are 100%.  
 2. CHIA-HO Green Energy Corporation was founded on February 14, 2020.  
 3. TCC TUNG-LI Green Energy Corporation was founded on February 9, 2021.

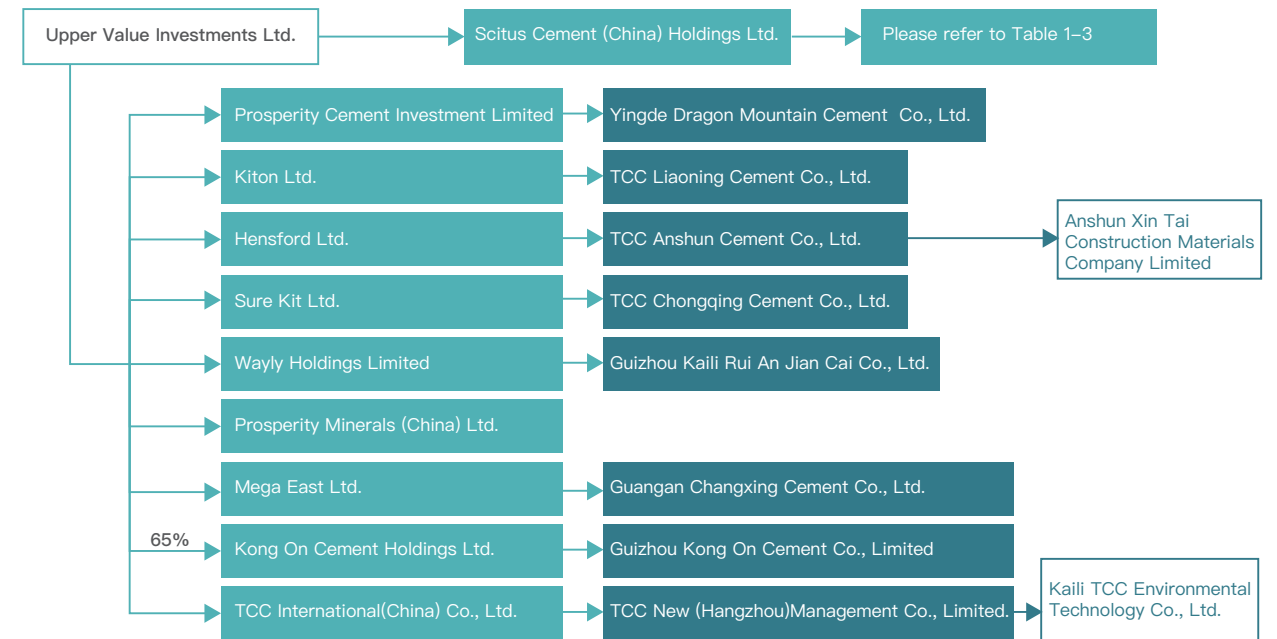
4. TCC Energy Storage Technology Corporation was founded on September 18, 2020.  
 5. TCC Sustainable Energy Investment Corporation was founded on September 18, 2020.

**Table 1-1** Taiwan Cement Corporation and its subsidiaries  
Organization chart of TCC International Holdings Ltd. and its subsidiaries<sup>1</sup>  
December 31, 2020



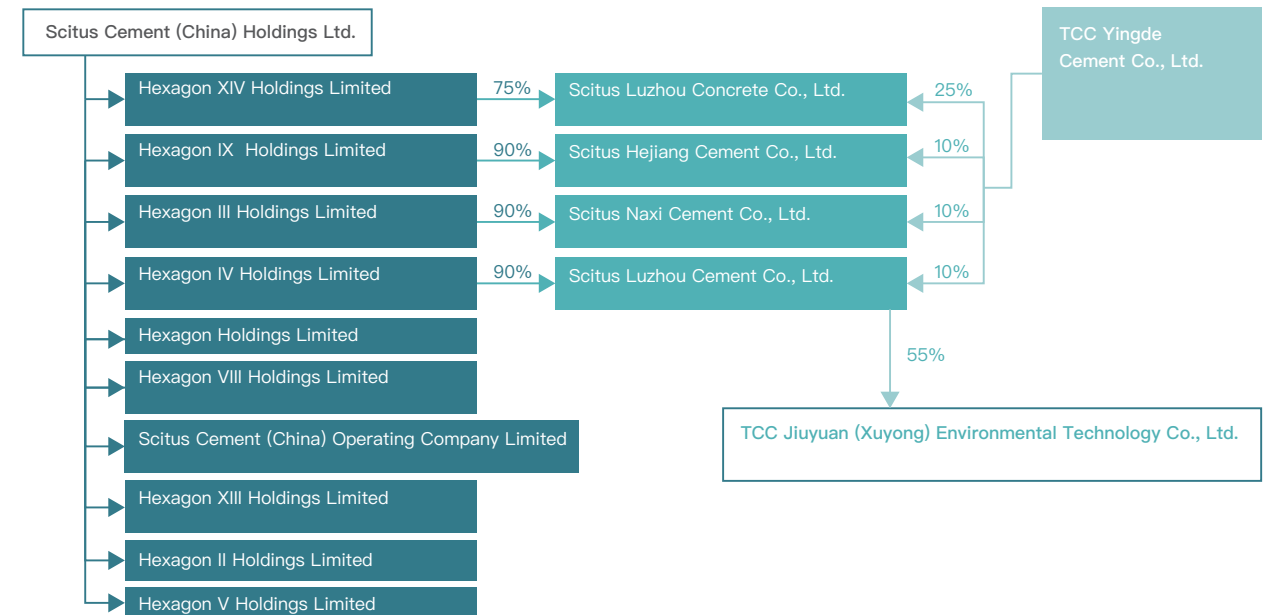
1. Unless specified otherwise, the shareholdings of others are 100%.  
2. Chia Hsin Cement Greater China Holding Corporation's cancellation was completed in June 2020.  
3. TCC Hong Kong Cement (HKC) Ltd.'s cancellation was completed in January 2020.  
4. Jurong TCC Environmental Co., Ltd. was founded on August 25, 2020.  
5. TCC (Hangzhou) Renewable Resources Technology Co., Ltd. was founded on April 24, 2020.

**Table 1-2** Taiwan Cement Corporation and its subsidiaries  
Organization chart of Upper Value Investments Ltd. and its subsidiaries<sup>1</sup>  
December 31, 2020



1. Unless specified otherwise, the shareholdings of others are 100%.

**Table 1-3** Taiwan Cement Corporation and its subsidiaries  
Organization chart of Scitus Cement (China) Holdings Ltd. and its subsidiaries<sup>1</sup>  
December 31, 2020



1. Unless specified otherwise, the shareholdings of others are 100%.



Information of affiliates

December 31, 2020 (expressed in NT\$ thousands)

Affiliate	Establishing date	Address	Paid-in capital	Scope of business
Taiwan Transport & Storage Corporation	December 24, 1955	10F, No. 113, Section 2, Zhongshan North Road, Zhongshan District, Taipei City	483,518	Cargo transportation, cargo storage, customs clearance, construction material wholesale, sea transportation understanding, coal and coal product wholesale, automobile container transportation, construction material wholesale, desilting.
TJ Transport Corporation	August 22, 2019	8F, No. 113, Section 2, Zhongshan North Road, Zhongshan District, Taipei City	25,000	Cargo transportation, cargo storage.
Taiwan Cement Engineering Corporation	September 2, 1974	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	601,656	1. Manufacture and sale of chemical engineering machinery and accessories. 2. Design, manufacture, and installation of equipment for pollution prevention and waste disposal. 3. Repair and manufacture of railroad carriers for bulk cement, stone, and coal; bulk cement trailers; and related parts.
Kuan-Ho Refractories Industry Corporation	July 26, 1973	No. 932, Jianfeng Road, Neighborhood 13, Lankeng Borough, Toufeng City, Miaoli County	190,000	1. Manufacture and trading of fire-retardant materials, heat insulation materials, and acid- and alkaline-resistant instruments. 2. Manufacture and trading of ceramics and construction materials. 3. Processing and trading of silver sand clay and red sand clay. 4. Trading of fire-retardant and ceramic materials and accessories. 5. Investment in production-sales or government supported special economic development projects relating to fire-retardant and ceramic materials. 6. Design and installation of furnace lining.
TCC Green Energy Corporation	August 7, 1989	No. 11, Changbin East 1st Road, Wenzhi Village, Xianxi Township, Changhua County	3,208,987	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
TCC CHIA-CHIEN Green Energy Corporation	May 4, 2018	No. 8, Xinsheng St., Minxiang Township, Chiayi County	1,002,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
TCC YUN-KAI Green Energy Corporation	May 4, 2018	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	25,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
TCC LIEN-HSIN Green Energy Corporation	May 8, 2018	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	12,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
TCC CHANG-HO Green Energy Corporation	July 10, 2018	No. 11, Changbin East 1st Road, Wenzhi Village, Xianxi Township, Changhua County	2,456	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.

Affiliate	Establishing date	Address	Paid-in capital	Scope of business
TCC KAO-CHENG Green Energy Corporation	July 18, 2018	No. 251, Xixi Rd., Linyuan Dist., Kaohsiung City	82,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
TCC NAN-CHUNG Green Energy Corporation	September 6, 2018	No. 36, Taiyi 7th St., Rende Dist., Tainan City	170,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
CHANG-WANG Wind Power Co., Ltd.	December 12, 2018	No. 11, Changbin East 1st Road, Wenzhi Village, Xianxi Township, Changhua County	720,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
TCC PING-CHIH Green Energy Corporation	August 8, 2019	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	2,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
CHIA-HO Green Energy Corporation <sup>1</sup>	February 14, 2020	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	50,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
TCC TUNG-LI Green Energy Corporation <sup>2</sup>	February 9, 2021	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	-	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
Hong Kong Cement Manufacturing Co., Ltd.	August 29, 1962	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 45,000,000	Investment holdings.
TCC Development Ltd.	May 22, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	Ordinary shares: USD 10 Non-voting deferred shares: USD 90	Investment holdings.
Ta-Ho Maritime Corporation	September 4, 1979	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	2,215,953	Ship transportation and shipping agent.
Ta-Ho Maritime Holdings Ltd.	June 20, 1995	Offshore, Chambers, P.O. Box 217, Apia, Western Samoa	USD 19,300,000	Investment holdings.
THC International S.A.	April 12, 1990	53rd Street, Urbanizacion Obarrio Torre Swiss Bank, 16th Floor, Panama, R.O. Panama	USD 39,310,000	Ship transportation.
Ta-Ho Maritime (Hong Kong) Limited	May 30, 2008	31st Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.	USD 5,100,000	Ship transportation.
Ta-Ho Maritime (Singapore) Pte. Ltd.	September 25, 2008	8 Cross Street#11-00 PwC Building Singapore 048424	USD 100,000	Ship transportation.



Affiliate	Establishing date	Address	Paid-in capital	Scope of business
Da Tong (Guigang) International Logistics Co., Ltd.	September 28, 2008	People's Government, Hualian Town, Qintang District, Guigang City, China	USD 5,000,000	Logistics.
Guigang Da-Ho shipping Co., Ltd.	November 19, 2008	People's Government, Hualian Town, Qintang District, Guigang City, China	RMB 4,000,000	Ship transportation.
Da Tong (Ying De) Logistics Co., Ltd.	March 8, 2012	2nd Floor, Honglou, Guanyinshan, Yingcheng Subdistrict, Yingde City, China	RMB 5,000,000	Logistics.
TCC Investment Corporation	June 21, 1988	11F, No. 113, Section 2, Zhongshan North Road, Taipei City.	1,174,000	Investment holdings.
Union Cement Traders Inc.	November 15, 1990	11F, No. 113, Section 2, Zhongshan North Road, Taipei City.	245,000	Trading.
TCC Chemical Corporation	April 11, 1991	9F, No. 113, Section 2, Zhongshan North Road, Taipei City	2,400,000	Property leasing. Energy technology service.
TCC Information Systems Corporation	April 10, 1991	9F, No. 113, Section 2, Zhongshan North Road, Taipei City	150,000	1. Design, installation, sales, maintenance, and lease of computer and information software products. 2. EPC contracting of automation control projects and computerization projects. 3. Enquiries and consultation for computerization.
Taicem Information (Samoa) Pte. Ltd.	February 24, 2003	Trust Chambers, Lotemau Centre, P. O. Box 1225, Apia, Samoa.	3,412	Investment holdings.
Fuzhou TCC Information Technology Co., Ltd.	August 6, 2003	TCC (Fuzhou) Corporation Building, Yangyu Village, Hangcheng Street, Changle City, Fujian Province, China	RMB 826,510	Development and production of software products; maintenance and after-sale service of precision instruments and equipment.
Taiwan Prosperity Chemical Corporation	May 28, 1991	9F, No. 113, Section 2, Zhongshan North Road, Taipei City	1,320,100	Isopropylbenzene, phenol, acetone, cyclohexanone, BPA, and maleic anhydride.
Tung Chen Mineral Corporation	January 6, 1973	No. Heping 263, Heping Village, Xiulin Township, Hualien County	2,000	Mining, sales, processing, and trading of minerals.
Jin Chang Minerals Corporation	July 1, 1999	No. Heping 263, Heping Village, Xiulin Township, Hualien County	54,000	Wholesale of minerals, bricks, tiles, and stone; and sand and gravel excavation.
Ho-Ping Industrial Port Corporation	May 8, 1996	No. 6, Hegong 5th Road, Heping Village, Xiulin Township, Hualien County	3,200,000	Operations, maintenance and management of Ho-Ping Industrial Port.

Affiliate	Establishing date	Address	Paid-in capital	Scope of business
Ho Sheng Mining Co., Ltd.	March 31, 2011	10F, No. 113, Section 2, Zhongshan North Road, Taipei City.	301,000	Sand and gravel excavation.
Ho-Ping Power Company	October 29, 1997	No. 7, Hegong 2nd Road, Heping Village, Xiulin Township, Hualien County	13,545,215	1. Coal-fired power plant. 2. Import and trading of fuel coal for power generation. 3. Import and trading of raw materials and parts for generation equipment. 4. Manufacture, processing, and trading of gypsum, coal dust, and bottom ash. 5. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Ho-Ping Renewable Energy Company	April 9, 2018	No. 7, Hegong 2nd Road, Heping Village, Xiulin Township, Hualien County	1,000	1. Electric power supply, electric transmission and power distribution machinery manufacturing. 2. Self-usage power generation equipment utilizing renewable energy industry. 3. Electricity equipment checking and maintenance. 4. Apparatus installation construction. 5. Energy technical services.
HPC Power Services Corporation	January 29, 1999	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 100,000	Operations, management, and consultation of power plants, and business activities permitted under the law of the British Virgin Islands.
Ta-Ho RSEA Environment Co., Ltd.	December 11, 2002	7F, No. 16-2, Dehui Street, Taipei City	600,000	J101040 waste disposal.
E.G.C. Cement Corporation	May 26, 1992	Lane 23, No. 6, Xingang Road, Tainan City	159,200	Sales and processing of cement, asphalt, and gypsum.
Feng Shehg Enterprise Company Limited	September 25, 1997	No. 294, Fengren Road, Renwu District, Kaohsiung City.	600,000	Soil and gravel mining, leasing, ready mixed concrete manufacture, international trade, manufacture and retail of stone and construction materials, other environmental services, all business items that are not prohibited or restricted by law, except those that are subject to special approval.
Taicorn Minerals Corp.	June 20, 1995	8th Fl., Unit A, Legaspi Towers 300, 2600 Roxas Boulevard, Malate, Manila, the Philippines	PHP 16,500,000	Mining.
Trans Philippines Mineral Corp.	February 2, 1996	8th Fl., Unit A, Legaspi Towers 300, 2600 Roxas Boulevard, Malate, Manila, the Philippines	PHP 5,000,000	Mining.
TCC International Ltd.	May 22, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 1,100,876,000	Investment holdings.
TCC International Holdings Ltd.	July 4, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	Common share capital HKD 674,492,964	Investment holdings.





Affiliate	Establishing date	Address	Paid-in capital	Scope of business
TCC International (Guangxi) Limited	October 13, 2004	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 203,000,000	Investment holdings.
TCC (Guigang) Cement Ltd.	December 28, 2005	Huanglian Valley, Huanglian Town, Qintang District, Guigang City	USD 332,875,900	Manufacture and distribution of clinkers and cement.
TCC Hong Kong Cement (BVI) Holdings Ltd.	May 22, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 16,000	Investment holdings.
Ulexite Investments Ltd.	August 12, 1999	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 200	Investment holdings.
TCC Hong Kong Cement Development Ltd.	May 22, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	Ordinary shares: USD 10 Non-voting deferred shares: USD 90	Property.
TCC Hong Kong Cement (QHC) Ltd.	May 22, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 100	Investment holdings.
Chiefolk Company Ltd.	April 18, 1989	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1,000,000	Investment holdings.
TCC International(Liuzhou) Ltd.	February 26, 2003	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 50,000	Investment holdings.
TCC Liuzhou Company Ltd.	November 9, 2007	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 10,000	Investment holdings.
TCC Hong Kong Cement (Yargoan) Ltd.	March 12, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 100	Investment holdings.
TCC Hong Kong Cement (HKC) Ltd. <sup>3</sup>	May 22, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	-	Investment holdings.
Hong Kong Cement Company Ltd.	June 11, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 164,391,000	Import and distribution of cement.

Affiliate	Establishing date	Address	Paid-in capital	Scope of business
TCC Hong Kong Cement (Philippines) Ltd.	May 22, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 100	Investment holdings.
TCC Cement Corporation	February 21, 1996	Unit 16-E, Legaspi Towers 300 Roxas Blvd., Malate, Manila, Philippines	PHP 91,020,500	Investment holdings.
TCC Hong Kong Cement (International) Ltd.	June 11, 1997	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 1,700	Investment holdings.
TCC International (Hong Kong) Co., Ltd.	October 25, 2007	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 10,163,557,694	Investment holdings.
TCC Fuzhou Yangyu Port Co., Ltd.	May 17, 2002	West Side, Xizhe Line, Yangyu Village, Hangcheng Town, Changle City, Fujian Province, China	USD 5,000,000	Pier facilities and services.
TCC Liuzhou Construction Materials Co., Ltd.	October 21, 2003	102 Anchunjiang Road, Liuzhou City, Guangxi Zhuang Autonomous Region, China	USD 13,500,000	Manufacture and distribution of bottom ash.
TCC Fuzhou Cement Co., Ltd.	May 17, 2002	West Side, Xizhe Line, Yangyu Village, Hangcheng Town, Changle City, Fujian Province, China	USD 16,250,000	Manufacture and distribution of cement.
TCC Yingde Cement Co., Ltd.	September 15, 2003	Guanyinshan, Yingcheng Subdistrict, Yingde City, China	USD 254,400,000	Manufacture and distribution of clinkers and cement.
Jurong TCC Cement Co., Ltd.	June 26, 1993	Qiaotou Town, Jurong City, Jiangsu Province, China	USD 233,000,000	Limestone mining, and production and sales of cement and cement products.
Chia Hsin Cement Greater China Holding Corp. <sup>4</sup>	June 10, 2003	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	-	Investment holdings.
Jingyang Industrial Ltd.	February 12, 1991	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 101,614,561	Investment holdings.
JiangSu TCC Investment Co., Ltd.	May 27, 2009	Block 11, Mianzhongchang, Qiaotou Town, Jurong City, Jiangsu Province, China	USD 50,000,000	Investment holdings.



Affiliate	Establishing date	Address	Paid-in capital	Scope of business
Upper Value Investments Limited	January 2, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 12,700	Investment holdings.
Prosperity Cement Investment Limited	January 24, 2006	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 759,955,769	Investment holdings.
Yingde Dragon Mountain Cement Co., Ltd.	March 10, 2003	Wanpu Town, Yingde City, Guangdong Province, China	RMB 428,110,000	Manufacture and distribution of clinkers and cement.
Prosperity Minerals (International) Limited	April 23, 2004	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 28,533,976	Investment holdings.
Kiton Ltd.	December 17, 2007	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 685,926,583	Investment holdings.
TCC Liaoning Cement Company Limited	December 14, 2007	Xidayao Village, Xidayao Town, Dengta City, Liaoyang, Liaoning Province, China	RMB 371,000,000	Manufacture and distribution of clinkers and cement.
Hensford Ltd.	December 19, 2007	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1,191,945,979	Investment holdings.
TCC Anshun Cement Company Limited	May 27, 2008	Martin Village, Chengguan Town, Pingba District, Anshun City, Guizhou Province, China	USD 153,490,000	Manufacture and distribution of clinkers and cement.
Sure Kit Limited	February 13, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 953,818,809	Investment holdings.
TCC Chongqing Cement Company Limited	June 3, 2008	Jianliang Village, Yanjing Town, Hechuan District, Chongqing City, China	USD 118,000,000	Manufacture and distribution of clinkers and cement.
Prime York Ltd.	December 17, 2007	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 532,147,515	Investment holdings.
Prosperity Minerals (China) Limited	July 26, 2007	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 10,300	Investment holdings.

Affiliate	Establishing date	Address	Paid-in capital	Scope of business
Mega East Limited	April 16, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 597,603,470	Investment holdings.
Guangan Changxing Cement Co., Ltd.	August 25, 2009	Jijian Village, Qianfeng Town, Guangan District, Guangan City, Sichuan Province, China	USD 76,990,000	Manufacture and distribution of clinkers and cement.
TCC (DongGuan) Cement Company Limited	May 10, 2010	4th Floor, 8 Jinniu Road, Wannidun Town, Dongguan City, China	USD 20,000,000	Transfer of cement and cement products.
TCC International (China) Company Limited	January 14, 2011	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 62,143,260	Investment holdings.
TCC New (Hangzhou) Management Company Limited	May 13, 2011	Room 1902, 19th Floor, Jialianhua Building, 586 Jiaguo North Road, Hangzhou, China	USD 8,000,000	Business management.
Kong On Cement Holdings Ltd.	April 29, 2009	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 127,440,000	Investment holdings.
Guizhou Kong On Cement Co., Ltd.	June 9, 2009	Shibanjing Village, Tingyun Township, Guanling County, Anshun City, Guizhou Province, China	USD 20,300,000	Manufacture and distribution of clinkers and cement.
Wayly Holdings Limited	July 16, 2007	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 10,501	Investment holdings.
Guizhou Kaili Rui An Jian Cai Co., Ltd.	February 20, 2008	Xintai Village, Ximahe District, Kaili City, Guizhou Province, China	RMB 389,660,500	Manufacture and distribution of clinkers and cement.
TCC Shaoguan Cement Co., Ltd.	November 3, 2011	Shijiao Village, Wushi Town, Cuijiang District, Shaoguan City, Guangdong Province, China	USD 69,100,000	Manufacture and distribution of clinkers and cement (in preparation).
TCC Yingde Mining Industrial Company Limited	April 13, 2004	Aishanping Village, Yingde City, Guangdong Province, China (inside the mining site of TCC Yingde Cement Co., Ltd.)	USD 11,500,000	Provision of limestone mining service.
TCC Guigang Mining Industrial Company Limited	June 28, 2007	Huanglian Valley, Huanglian Town, Qintang District, Guigang City, China (inside the mining site of TCC Guigang Cement Ltd.)	USD 5,000,000	Provision of limestone mining service.



Affiliate	Establishing date	Address	Paid-in capital	Scope of business
TCC Jiangsu Mining Industrial Company Limited	October 21, 1996	Dazhuo Township, Jurong City, Jiangsu Province, China	USD 4,000,000	Provision of limestone mining service.
Scitus Cement (China) Holdings Limited	October 30, 2007	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1,245,257,277	Investment holdings.
Scitus Cement (China) Operating Company Limited	January 9, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD10,000	Investment holdings.
Hexagon Holdings Limited	March 1, 2007	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon II Holdings Limited	January 11, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Upper Value Investment Ltd.	May 20, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon III Holdings Limited	January 11, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 79,500,001	Investment holdings.
Hexagon IV Holdings Limited	March 11, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 136,430,001	Investment holdings.
Hexagon V Holdings Limited	March 11, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon VIII Holdings Limited	May 20, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon IX Holdings Limited	May 20, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon XIII Holdings Limited	November 6, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon XIV Holdings Limited	November 6, 2008	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Scitus Luzhou Cement Co.,Ltd.	May 5, 2008	Community 1, Fulong Village, Zhendong Township, Xuyong County, Luzhou City, China	RMB 395,000,000	Manufacture and distribution of clinkers and cement.
Scitus Hejiang Cement Co.,Ltd.	August 7, 2002	Communities 3 and 4, Chaofang Village, Hejiang Town, Hejiang County, Luzhou City, Sichuan Province, China	RMB 23,250,000	Manufacture and distribution of cement.

Affiliate	Establishing date	Address	Paid-in capital	Scope of business
Scitus Luzhou Concrete Co.,Ltd.	May 13, 2009	Naxi District Industrial Development Zone, Luzhou City, Sichuan Province, China	RMB 25,000,000	Manufacture and distribution of concrete.
Scitus Naxi Cement Co.,Ltd.	May 13, 2009	Naxi District Industrial Development Zone, Luzhou City, Sichuan Province, China	RMB 146,510,000	Manufacture and distribution of cement.
Anshun Xin Tai Construction Materials Company Limited	February 13, 2012	Matian Village, AnPing Office, Pingba County, Anshun City, Guizhou Province, China	RMB 15,000,000	Manufacture and distribution of sand, gravels, and aggregates.
TCC Huaying Cement Company Limited	July 24, 2009	Longqiao Village, Xikou Town, Huaying City, Sichuan Province, China	RMB 949,880,000	Manufacture and distribution of clinkers and cement.
TCC Huaihua Cement Company Limited	January 12, 2001	Wuli Village, Luyang Town, Zhongfang County, Huaihua City, Hunan Province, China	RMB 300,000,000	Manufacture and distribution of clinkers and cement.
TCC Jingzhou Cement Company Limited	August 20, 2008	Pukou Township, Jingzhou County, Huihua City, Hunan Province, China	RMB 150,000,000	Manufacture and distribution of clinkers and cement.
TCC Huaihua Concrete Company Limited	September 24, 2009	Wuli Village, Luyang Town, Zhongfang County, Huihua City, Hunan Province, China	RMB 10,000,000	Manufacture and distribution of concrete.
Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd.	June 7, 2018	Huanglian Valley, Huanglian Town, Qintang District, Guigang City, China	RMB 117,000,000	Development of technologies for environmental protection products.
Beijing TCC Environmental Technology Co., Ltd.	March 18, 2019	Room B2001, 20 / F, building 1, No.36, Beisanhuan East Road, Dongcheng District, Beijing, China	RMB 6,000,000	Development of technologies for environmental protection products.
Kaili TCC Environmental Technology Co., Ltd.	January 17, 2019	Xintai Village, Ximahe St, Kaili City, Guizhou Province, China	RMB 8,000,000	Development of technologies for environmental protection products.
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	January 3, 2019	Fulong Village, Zhendong Township, Xuyong County, LuZhou City, Sichuan province, China	RMB 4,000,000	Development of technologies for environmental protection products.
Taiwan Cement (Dutch) Holdings B.V.	November 8, 2018	Kingsfordweg 103, 1043GP Amsterdam	EUR 838,369,850	Investment holdings.



Profiles of directors, supervisors, and presidents of affiliates

March 20, 2021 (expressed in shares and %)

Affiliate	Establishing date	Address	Paid-in capital	Scope of business
TCCMOLI Holdings(Singapore) Pte. Ltd.	June 12, 2019	50 RAFFLES PLACE #32-01 SINGAPORE LAND TOWER SINGAPORE(048623)	USD 30,000	Investment holdings.
TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	March 25, 2019	Room 391, 857 Shi Xin Bei Road, Xiaoshan District, Hangzhou City, Zhejiang Province, China	RMB 700,000,000	Environment, cement, business management consulting.
TCC (Hangzhou) Renewable Resources Technology Co.,Ltd. <sup>5</sup>	April 24, 2020	Room 808, Unit 1, Building 1, Shengde International Plaza, Xin'anjiang Street, Jiande City, Hangzhou City, Zhejiang Province, China	RMB 560,000,000	Renewable Resources, Environment, business management.
Jurong TCC Environmental Co., Ltd. <sup>6</sup>	August 25, 2020	Qiaotou Town, Jurong City, Jiangsu Province, China	RMB 150,000,000	Hazardous waste disposal.
TCC Energy Storage Technology Corporation <sup>7</sup>	September 18, 2020	11F, No. 113, Section 2, Zhongshan North Road, Taipei City.	1,000	Energy storage equipment manufacturing, production and sales.
TCC Sustainable Energy Investment Corporation <sup>8</sup>	September 18, 2020	11F, No. 113, Section 2, Zhongshan North Road, Taipei City.	1,000	Investment holding.

1. CHIA-HO Green Energy Corporation was founded on February 14, 2020.
2. TCC TUNG-LI Green Energy Corporation was founded on February 9, 2021.
3. TCC Hong Kong Cement (HKC) Ltd.'s cancellation was completed in January 2020.
4. Chia Hsin Cement Greater China Holding Corporation's cancellation was completed in June 2020.
5. TCC (Hangzhou) Renewable Resources Technology Co.,Ltd. was founded on April 24, 2020.
6. Jurong TCC Environmental Co., Ltd. was founded on August 25, 2020.
7. TCC Energy Storage Technology Corporation was founded on September 18, 2020.
8. TCC Sustainable Energy Investment Corporation was founded on September 18, 2020.

Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Taiwan Transport & Storage Corporation	Chairman	Representative of Taiwan Cement Corporation: Kung-Yi Koo	40,541,082	83.85
	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang, Jong-Peir Li, Chien-Chiang Huang, Chien-Chuan Wang		
	Supervisor	Representative of Union Cement Traders Inc.: Xiao-En Tseng	324,245	0.67
	President	Cynthia Wu	-	-
TJ Transport Corporation	Chairman	Representative of Taiwan Transport & Storage Corporation: Kung-Yi Koo	2,500,000	100.00
Taiwan Cement Engineering Corporation	Chairman	Representative of Taiwan Cement Corporation: Ker-Fu Lu	59,672,487	99.18
	Director	Representatives of Taiwan Cement Corporation: Chien-Chuan Wang, Chien-Chiang Huang		
	Supervisor	Representative of Taiwan Cement Corporation: Guo-Hong Yeh	-	-
	President	Ker-Fu Lu	-	-
Kuan-Ho Refractories Industry Corporation	Chairman	Representative of Taiwan Cement Corporation: Yi-Cai Hu	18,105,000	95.29
	Director	Representatives of Taiwan Cement Corporation: Chih-Jen Liu, Chien-Chuan Wang, Chia-Pei Wei, Kuang-Hsi Chen		
	Supervisor	Representative of Taiwan Cement Corporation: Guo-Hong Yeh	-	-
	President	Chih-Jen Liu	-	-
TCC Green Energy Corporation	Chairman	Representative of Taiwan Cement Corporation: Ker-Fu Lu	320,898,696	100.00
	Director	Representatives of Taiwan Cement Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of Taiwan Cement Corporation: Xiao-En Tseng	-	-
	President	Chi-Liang Weng	-	-
TCC CHIA-CHIEN Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	100,200,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng	-	-
	President	Chi-Liang Weng	-	-





Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
TCC YUN-KAI Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	2,500,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC LIEN-HSIN Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	1,200,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC CHANG-HO Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	245,635	100.00
	Director	Representatives of TCC Green Energy Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC KAO-CHENG Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	8,200,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC NAN-CHUNG Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	17,000,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-

Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
CHANG-WANG Wind Power Co., Ltd.	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	72,000,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC PING-CHIH Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	200,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
CHIA-HO Green Energy Corporation <sup>1</sup>	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	5,000,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC TUNG-LI Green Energy Corporation <sup>2</sup>	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	15,000,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Chi-Liang Weng, Guo-Hong Yeh		
	Supervisor	Representative of TCC Green Energy Corporation: Chia-Hua Tsao	-	-
Hong Kong Cement Manufacturing Co., Ltd.	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang, Chang Yong, Kung-Yi Koo(In the progress of registration)	38,094	84.65
		Representative of Wing Fat Investments Inc.: Cheuk-Wai Chan	881	1.96
		Hwai-Chen Koo	-	-
	President	Han-Ton Lin	100	0.22
		Chia-Cheng Lin	-	-
		Tong-Liang Wu	-	-
	Chien-Chiang Huang	-	-	



Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
TCC Development Ltd.	Director	Representative of Hong Kong Cement Manufacturing Company Limited: An-Ping Chang	Ordinary share 10 Non-voting deferred share 90	100.00
	President	Chien-Chiang Huang	-	-
Ta-Ho Maritime Corporation	Chairman	Representative of Taiwan Cement Corporation: Li-Wen Tsai	143,565,823	64.79
	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang, Chien-Chiang Huang, Ker-Fu Lu, Jong-Peir Li		
	Supervisor	Representatives of Taiwan Transport & Storage Corporation: Lin-Tian Huang, James Wen	64,719,820	29.21
	President	Miin-Shyong Shieh	-	-
Ta-Ho Maritime Holdings Ltd.	Director	Ta-Ho Maritime Corporation	19,300,000	100.00
THC International S.A.	Director	Representatives of Ta-Ho Maritime Holdings Ltd.: An-Ping Chang, Li-Wen Tsai, Wei-Lun Kao	39,310,000	100.00
	President	Miin-Shyong Shieh	-	-
Ta-Ho Maritime (Hong Kong) Limited	Director	Representative of Ta-Ho Marine Corporation: Li-Wen Tsai	5,100,000	100.00
Ta-Ho Maritime (Singapore) Pte. Ltd.	Director	Representative of Ta-Ho Marine Corporation: An-Ping Chang	100,000	100.00
	President	Wei-Lun Kao	-	-
Ho Sheng Mining Co., Ltd.	Chairman	Representative of Taiwan Cement Corporation: Chien-Chuan Wang	30,100,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Chia-Pei Wei, Yan-Ting Lin		
	Supervisor	Representative of Taiwan Cement Corporation: Jia-Ro Lai		
	President	Chia-Pei Wei	-	-
Da Tong (Guigang) International Logistics Co., Ltd.	Executive Director	Representative of Ta-Ho Marine (Hong Kong) Limited: Chen-Chia Song	Contribution: USD 5,000,000	100.00
	Supervisor	Yi-Feng Wang	-	-
	President	Chuan-Feng Shih	-	-
Guigang Da-Ho Shipping Co., Ltd.	Executive Director	Representative of Da Tong (Guigang) International Logistics Co., Ltd.: Chen-Chia Song	Contribution: RMB 4,000,000	100.00
	Supervisor	Yi-Feng Wang	-	-
	President	Chuan-Feng Shih	-	-

Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Da Tong (Ying De) Logistics Co., Ltd.	Executive Director	Representative of Da Tong (Guigang) International Logistics Co., Ltd.: Cheng-Dao Qiang	Contribution: RMB 5,000,000	100.00
	Supervisor	Cen-Wei Lan		
	President	Cheng-Dao Qiang		
TCC Investment Corporation	Chairman	Representative of Taiwan Cement Corporation: An-Ping Chang	117,400,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Jong-Peir Li, Yu-Zhi Qiu		
	Supervisor	Representative of Taiwan Cement Corporation: Guo-Hong Yeh		
	President	Jong-Peir Li	-	-
Union Cement Traders Inc.	Chairman	Representative of TCC Investment Corporation: An-Ping Chang	24,500,000	100.00
	Director	Representatives of TCC Investment Corporation: Jong-Peir Li, Lin-Tian Huang		
	Supervisor	Representative of TCC Investment Corporation: Li-Wen Tsai		
	President	Jong-Peir Li	-	-
TCC Chemical Corporation	Chairman	Representative of Taiwan Cement Corporation: An-Ping Chang	240,000,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Jong-Peir Li, Kung-Yi Koo		
	Supervisor	Representative of Taiwan Cement Corporation: Li-Wen Tsai		
TCC Information Systems Corporation	Chairman	Representative of Taiwan Cement Corporation: Jong-Peir Li	14,904,000	99.36
	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang, Ker-Fu Lu, Kuang-Hsi Chen, Chien-Chiang Huang		
	Supervisor	Representative of Taiwan Cement Corporation: Guo-Hong Yeh		
	President	Jian-Zhi Chang	-	-
Taicem Information (Samoa) Pte. Ltd.	Director	Representative of TCC Information Systems Corporation: Jian-Zhi Chang	3,412	100.00
Fuzhou TCC Information Technology Co., Ltd.	Chairman	Representative of Taicem Information (Samoa) Pte. Ltd.: Jian-Zhi Chang	Contribution: RMB 826,510	100.00



Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Taiwan Prosperity Chemical Corporation	Chairman	Representative of Taiwan Cement Corporation: Kung-Yi Koo	131,959,925	100.00
	Director	Representatives of Taiwan Cement Corporation: Jong-Peir Li, Feng-Ping Liu		
	Independent Director	Representatives of Taiwan Cement Corporation: Yu-Zhi Qiu	-	-
	President	Tian-Fu Zhao	-	-
Tung Chen Mineral Corporation	Chairman	Representative of Taiwan Cement Corporation: Ker-Fu Lu	19,890	99.45
	Director	Representatives of Taiwan Cement Corporation: Chien-Chuan Wang, Chia-Pei Wei		
	Supervisor	Representative of Taiwan Cement Corporation: Yan-Ting Lin		
Jin Chang Minerals Corporation	Chairman	Representative of Taiwan Cement Corporation: Ker-Fu Lu	5,400,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Chia-Pei Wei, Yan-Ting Lin		
	Supervisor	Representative of Taiwan Cement Corporation: Jin-Yi Chen		
Ho-Ping Industrial Port Corporation	Chairman	Representative of Taiwan Cement Corporation: Chien-Chiang Huang	319,990,000	100.00
	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang, Chia-Pei Wei		
	Supervisor	Xiao-En Tseng	-	-
	President	Ping-Huang Chuang	-	-
Ho-Ping Power Company	Chairman	Representative of Taiwan Cement Corporation: An-Ping Chang	805,940,306	59.50
	Vice Chairman	Power Infrastructure Holdings (Malaysia) Limited: Ian George Tuft	539,099,566	39.80
	Director	Representatives of Taiwan Cement Corporation: Chien-Chiang Huang, Kung-Yi Koo, Jong-Peir Li, Ker-Fu Lu, Chi-Liang Weng	805,940,306	59.50
	Director	Representatives of Power Infrastructure Holdings (Malaysia) Limited: Kwok-Wing Ho, Shunichi Tanaka, Sho Gemma	539,099,566	39.80
	Independent Director	Liang Chang	-	-
	Independent Director	Hsiao-Kang Ma	-	-
	Independent Director	Yu-Chuan Chen	-	-
	Supervisor	Representatives of TCC Investment Corporation: Li-Wen Tsai, Xiao-En Tseng (In the progress of registration)	6,772,608	0.50
Supervisor	Representative of Power Infrastructure Holdings (Labuan) Limited: Sharon Lee	2,709,043	0.20	
President	Jong-Peir Li	-	-	

Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Ho-Ping Renewable Energy Company	Chairman	Representative of Ho-Ping Power Company: Kung-Yi Koo	100,000	100.00
	Vice Chairman	Representative of Ho-Ping Power Company: Ian George Tuft		
	Director	Representatives of Ho-Ping Power Company: Li-Wen Tsai, I-Meng Huang (In the progress of registration), Shunichi Tanaka		
	Supervisor	Representative of Ho-Ping Power Company: Ker-Fu Lu		
	President	I-Meng Huang (In the progress of registration)		
HPC Power Services Corporation	Chairman	Representative of Taiwan Cement Corporation: Ker-Fu Lu	6,000	60.00
	Vice Chairman	Representative of OneEnergy Taiwan Ltd.: Kwok-Wing Ho	4,000	40.00
	Director	Representatives of Taiwan Cement Corporation: Chi-Liang Weng, Chia-Pei Wei	6,000	60.00
	Director	Representative of OneEnergy Taiwan Ltd.: Dick-Fai Lai	4,000	40.00
	President	I-Meng Huang (In the progress of registration)	-	-
Ta-Ho RSEA Environment	Chairman	Representative of Taiwan Cement Corporation: Chien-Chuan Wang	39,960,000	66.60
	Director	Representative of Taiwan Cement Corporation: Chen-De Liu		
	Director	Representative of Veterans Affairs Council, R.O.C: Kuo-Fang Wang	20,040,000	33.40
	Supervisor	Wei-Ling Gao, Xiao-En Tseng	-	-
	President	Chen-De Liu	-	-
E.G.C. Cement Corporation	Chairman	Representative of Taiwan Cement Corporation: Chien-Chiang Huang	8,062,600	50.64
	Director	Representatives of Taiwan Cement Corporation: Wei-Jue Hong, Dennis Chang		
	Supervisor	Representative of Taiwan Transport & Storage Corporation: Chong-Zhi Hong	7,857,400	49.36
	Manager	Dennis Chang	-	-
	Chairman	Representative of Taiwan Cement Corporation: Chien-Chiang Huang	27,260,611	45.43
Director	Representatives of Taiwan Cement Corporation: Wei-Jue Hong, Yin-Te Wu			
Feng Shehg Enterprise Company Limited	Director	Representatives of Quintain Steel Co., Ltd.: Chi-Sheng Chu, Hsieh-Chia Chen	27,116,689	45.19
	Supervisor	Fu-Tsai Liu	1,827,373	3.05
	President	Chi-Sheng Chu	-	-



Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Taicorn Minerals Corp.	Chairman	Chien-Chiang Huang	1	0.00
	Director	Katz N. Tierra	1	0.00
	Director	Yih-Chin Wu	1	0.00
	Director	Renato L. Gonzales	1	0.00
Trans Philippines Mineral Corp.	Chairman	Chien-Chiang Huang	1	0.00
	Director	Katz N. Tierra	1	0.00
	Director	Yih-Chin Wu	1	0.00
	Director	Renato L. Gonzales	1	0.00
TCC International Ltd.	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang, Jong-Peir Li, Chien-Chiang Huang	1,100,875,900	100.00
	Manager	Chien-Chiang Huang	-	-
TCC International Holdings Limited	Chairman	Representatives of Taiwan Cement Corporation: An-Ping Chang, Jong-Peir Li	2,581,832,362	38.28
	Director	Representatives of TCC International Ltd.: Jong-Peir Li, Chien-Chiang Huang	4,163,097,279	61.72
	President	Chien-Chiang Huang	-	-
TCC International (Guangxi) Limited	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: An-Ping Chang, Jong-Peir Li	203,000,100	100.00
	Manager	Chien-Chiang Huang	-	-
TCC (Guigang) Cement Ltd.	Chairman	Representative of TCC International (Guangxi) Limited: Ker-Fu Lu	Contribution: USD 332,875,900	100.00
	Director	Representatives of TCC International (Guangxi) Limited: Qiu Yu-wen, Chien-Chuan Wang		
	President	Hai-Hua Wu	-	-
TCC Hong Kong Cement (BVI) Holdings Limited	Director	Representative of TCC International Holding Limited: An-Ping Chang	17,000	100.00
	Manager	Chien-Chiang Huang	-	-
Ulexite Investments Limited	Director	Representative of TCC International Holding Limited: An-Ping Chang	200	100.00
	Manager	Chien-Chiang Huang	-	-

Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
TCC Hong Kong Cement Development Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang	Ordinary shares 10	10.00
	Director	Representative of Hong Kong Cement Manufacturing Company Limited: An-Ping Chang	Non-voting deferred shares 90	90.00
	President	Chien-Chiang Huang	-	-
TCC Hong Kong Cement (QHC) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang	100	100.00
	Manager	Chien-Chiang Huang	-	-
Chieffolk Company Limited	Director	Representatives of TCC Hong Kong Cement (QHC) Limited: An-Ping Chang, Kung-Yi Koo	70,000	70.00
	Director	Representatives of Top Form Construction Limited: Chien-Chiang Huang, Cheuk-Wai Chan	30,000	30.00
	Manager	Chien-Chiang Huang	-	-
TCC International (Liuzhou) Limited	Director	Representatives of Chieffolk Company Limited: An-Ping Chang, Cheuk-Wai Chan, Jong-Peir Li	50,000	100.00
	Manager	Chien-Chiang Huang	-	-
TCC Liuzhou Company Limited	Director	Representative of TCC International (Liuzhou) Limited: An-Ping Chang	10,000	100.00
	Manager	Chien-Chiang Huang	-	-
TCC Hong Kong Cement (Yargoon) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang	100	100.00
	Manager	Chien-Chiang Huang	-	-
TCC Hong Kong Cement (HKC) Limited <sup>3</sup>	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang	-	-
	Manager	Chien-Chiang Huang	-	-
Hong Kong Cement Company Limited	Director	Representatives of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang, Chien-Chiang Huang, Kung-Yi Koo	10,000	100.00
	Manager	Chien-Chiang Huang	-	-
TCC Hong Kong Cement (Philippines) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang	100	100.00
	Manager	Chien-Chiang Huang	-	-
TCC Cement Corporation	Director	Chien-Chiang Huang	910,199	100.00
	Director	Yih-Chin Wu		
	Director	Yu-Tzu Chiu		





Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
TCC Hong Kong Cement (International) Limited	Director	Representatives of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang, Jong-Peir Li	1,700	100.00
	Manager	Chien-Chiang Huang	-	-
TCC International (Hong Kong) Co., Ltd.	Director	Representative of TCC Hong Kong Cement (International) Limited: An-Ping Chang	11,900	100.00
	Manager	Chien-Chiang Huang	-	-
TCC Fuzhou Yangyu Port Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Chien-Chiang Huang	Contribution: USD 5,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Limited: Chien-Chuan Wang, Jia-Lin Chen		
	Supervisor	Guo-Hong Yeh	-	-
	President	Zi-Yang Wu	-	-
TCC Liuzhou Construction Materials Co., Ltd.	Chairman	Representative of Guangxi Liuzhou Iron and Steel Group Company Limited: Liu-Ping Shen	Contribution: USD 5,400,000	40.00
	Vice Chairman	Representative of TCC Liuzhou Company Limited: Chien-Chiang Huang	Contribution: USD 8,100,000	60.00
	Director	Representatives of TCC Liuzhou Company Limited: Zhi-Feng Wu, I-Meng Huang, Cheuk-Wai Chan		
	Director	Representatives of Guangxi Liuzhou Iron and Steel Group Company Limited: Chuang Jin, Jian-Qiang Hsu	As above	As above
	Supervisor	Representative of TCC Liuzhou Company Limited: Hsiao-En Tseng	As above	As above
	Supervisor	Representative of Guangxi Liuzhou Iron and Steel Group Company Limited: De-yun Lee	As above	As above
	President	Chih-Feng Wu	-	-
TCC Fuzhou Cement Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Chien-Chiang Huang	Contribution: USD 16,250,000	100.00
	Director	Representatives of TCC International (Hong Kong) Company Limited: Chien-Chuan Wang, Jia-Lin Chen		
	Supervisor	Guo-Hong Yeh	-	-
	President	Zi-Yang Wu	-	-
TCC Yingde Cement Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Ker-Fu Lu	Contribution: USD 254,400,000	100.00
	Director	Representatives of TCC International (Hong Kong) Company Limited: I-Meng Huang, Cheng-Dao Qiang		
	President	Cheng-Dao Qiang	-	-

Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Jurong TCC Cement Co., Ltd.	Chairman	Representative of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd.: Ker-Fu Lu	Contribution: USD 233,000,000	100.00
	Director	Representatives of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd.: Cheng-Fu Yao, Chien-Chuan Wang, Jong-Peir Li, I-Meng Huang		
	Supervisor	Representative of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd.: Guo-Hong Yeh		
	President	Cheng-Fu Yao	-	-
Chia Hsin Cement Greater China Holding Corporation <sup>2</sup>	Director	Representatives of TCC International Holdings Ltd.: An-Ping Chang, Kung-Yi Koo	-	-
Jingyang Industrial Limited	Director	Representative of TCC International (Hong Kong) Company Limited: An-Ping Chang, Jong-Peir Li	24,000,100	100.00
JiangSu TCC Investment Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Ker-Fu Lu	Contribution: USD 50,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Company Limited: Chien-Chiang Huang, Jong-Peir Li		
	Supervisor	Representative TCC International (Hong Kong) Company Limited: Li-Wen Tsai		
	President	Hai-Hau Wu	-	-
Upper Value Investments Limited	Director	Representative of TCC International Holdings Limited: An-Ping Chang	12,700	100.00
	Manager	Chien-Chiang Huang	-	-
Prosperity Cement Investment Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,100	100.00
	Manager	Chien-Chiang Huang	-	-
Yingde Dragon Mountain Cement Co., Ltd.	Chairman	Representative of Prosperity Cement Investment Limited: Ker-Fu Lu	Contribution: RMB 428,110,000	100.00
	Director	Representatives of Prosperity Cement Investment Limited: Tie-Jun Wu, Kung-Yi Koo, Zhong-Hung Pan		
	Supervisor	Shao-Ming Lee	-	-
	President	Dao-Qiu Ja	-	-
Prosperity Minerals (International) Limited	Director	Representative of Upper Value Investment Limited: An-Ping Chang	3	100.00
	Manager	Chien-Chiang Huang	-	-
Kiton Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,400	100.00
	Manager	Chien-Chiang Huang	-	-



Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
TCC Liaoning Cement Company Limited	Chairman	Representative of Kiton Limited: Kung-Yi Koo	Contribution: RMB 371,000,000	100.00
	Director	Representatives of Kiton Limited: Ker-Fu Lu, Lin-Tien Huang		
	Supervisor	Representative of Kiton Limited: Li-Wen Tsai		
	President	Hai-Feng Yan	-	-
Hensford Ltd.	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,500	100.00
	Manager	Chien-Chiang Huang	-	-
TCC Anshun Cement Company Limited	Chairman	Representative of Hensford Ltd.: Jong-Peir Li	Contribution: USD 153,490,000	100.00
	Director	Representatives of Hensford Ltd.: Chien-Chiang Huang, Ker-Fu Lu, Li-Wen Tsai		
	Supervisor	Representative of Hensford Ltd.: Cheng-Fu Yao		
	President	Yu-bing Hsieh	-	-
Sure Kit Ltd.	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,400	100.00
	Manager	Chien-Chiang Huang	-	-
TCC Chongqing Cement Company Limited	Chairman	Representative of Sure Kit Limited: Jong-Peir Li	Contribution: USD 118,000,000	100.00
	Director	Representatives of Sure Kit Limited: Ker-Fu Lu, Chien-Chiang Huang		
	Supervisor	Representative of Sure Kit Limited: Cheng-Fu Yao		
	President	Jao-Wen Wang	-	-
Prime York Ltd.	Director	Representative of Upper Value Investment Limited: An-Ping Chang	10,300	100.00
	Manager	Chien-Chiang Huang	-	-
Prosperity Minerals (China) Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,300	100.00
	Manager	Chien-Chiang Huang	-	-
Mega East Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,300	100.00
	Manager	Chien-Chiang Huang	-	-

Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Guangan Changxing Cement Co., Ltd.	Chairman	Representative of Mega East Limited: Li-Wen Tsai	Contribution: USD 76,990,000	100.00
	Director	Representatives of Mega East Limited: Ker-Fu Lu, Chien-Chiang Huang		
	Supervisor	Representative of Mega East Limited: Cheng-Fu Yao		
	President	Tao Yang	-	-
TCC (DongGuan) Cement Company Limited	Chairman	Representative of TCC International (Hong Kong) Company Limited: Chien-Chiang Huang	Contribution: USD 20,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Company Limited: I-Meng Huang, Ker-Fu Lu		
	Supervisor	Representative of TCC International (Hong Kong) Company Limited: Chin-Lung Yu		
	President	Chih-Chun Lai	-	-
TCC International (China) Company Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	38,830	100.00
	Manager	Chien-Chiang Huang	-	-
TCC New (Hangzhou) Management Company Limited	Chairman	Representative of TCC International (China) Company Limited: Jong-Peir Li	Contribution: USD 8,000,000	100.00
	Director	Representatives of TCC International (China) Company Limited: Ker-Fu Lu, Li-Wen Tsai, Chien-Chiang Huang		
	Supervisor	Representative of TCC International (China) Company Limited: Kung-Yi Koo		
	President	Cheng-Fu Yao	-	-
Kong On Cement Holdings Ltd.	Director	Representatives of Upper Value Investments Limited: An-Ping Chang, Kung-Yi Koo	15,801,500	65.00
	Director	Representative of Central Champion Investment Limited: Jie-Lian Xu	8,508,500	35.00
	Manager	Chien-Chiang Huang	-	-
Guizhou Kong On Cement Co., Ltd.	Chairman	Representative of Kong On Cement Holdings Limited: Li-Wen Tsai	Contribution: USD 20,300,000	100.00
	Director	Representatives of Kong On Cement Holdings Limited: Chien-Chiang Huang, Jie-Lian Xu		
	Supervisor	Representative of Kong On Cement Holdings Limited: Cheng-Fu Yao		
	President	Xing-Xuan Chu	-	-
Wayly Holdings Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,501	100.00
	Manager	Chien-Chiang Huang	-	-



Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Chairman	Representative of Wayly Holdings Limited: Li-Wen Tsai	Contribution: RMB 389,660,500	100.00
	Director	Representatives of Wayly Holdings Limited: Ker-Fu Lu, Cheng-Fu Yao		
	Supervisor	Representative of Wayly Holdings Limited: Chien-Chuan Wang		
	President	Sheng-Tao Qiao	-	-
TCC Shaoguan Cement Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Co., Ltd.: Ker-Fu Lu	Contribution: USD 69,100,000	100.00
	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: I-Meng Huang, Chien-Chiang Huang		
	Supervisor	Representative of TCC International (Hong Kong) Co., Ltd.: Cen-Wei Lan		
	President	Ming-De Li	-	-
TCC Yingde Mining Industrial Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd.: Ker-Fu Lu	Contribution: USD 5,625,000	48.91
	Director	Representative of TCC Yingde Cement Co., Ltd.: Cheng-Dao Qiang	Contribution: USD 4,000,000	34.78
	Director	Representative of TCC Jiangsu Mining Industrial Company Limited: Shih-Sheng Liang	Contribution: USD 1,875,000	16.31
	Supervisor	Cen-Wei Lan	-	-
	President	Cheng-Dao Qiang	-	-
TCC Guigang Mining Industrial Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd.: Ker-Fu Lu	Contribution: USD 2,625,000	52.50
	Director	Representatives of TCC (Guigang) Cement Ltd.: Chen-Chia Song, Chia-Pei Wei	Contribution: USD 2,375,000	47.50
	Supervisor	Yuo-Xin Song	-	-
	President	Hai-Hua Wu	-	-
TCC Jiangsu Mining Industrial Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd.: Wei Liu	Contribution: USD 4,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: Cheng-Fu Yao, Jong-Peir Li		
	Supervisor	Representative of TCC International (Hong Kong) Co., Ltd.: Guo-Hong Yeh		
	President	Wei Liu	-	-
Anshun Xin Tai Construction Materials Company Limited	Chairman	Representative of TCC Anshun Cement Company Limited: Lin-Tien Huang	Contribution: RMB 15,000,000	100.00
	Supervisor	Yuo-Xin Song	-	-

Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Scitus Cement (China) Holdings Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	109,163,251	100.00
	Director	Representative of TCC International (Hong Kong) Co., Ltd.: An-Ping Chang	1	0.00
	Director	Ker-Fu Lu, Jong-Peir Li	-	-
	Manager	Chien-Chiang Huang	-	-
Scitus Cement (China) Operating Company Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	10,000	100.00
	Manager	Chien-Chiang Huang	-	-
Hexagon Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Chien-Chiang Huang	-	-
Hexagon II Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Chien-Chiang Huang	-	-
Hexagon III Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	201	100.00
	Manager	Chien-Chiang Huang	-	-
Hexagon IV Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	201	100.00
	Manager	Chien-Chiang Huang	-	-
Hexagon V Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Chien-Chiang Huang	-	-
Upper Value Investment Ltd.	Director	Representative of TCC International Holdings Limited: An-Ping Chang	1	100.00
	Manager	Chien-Chiang Huang	-	-
Hexagon VIII Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Chien-Chiang Huang	-	-
Hexagon IX Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Chien-Chiang Huang	-	-
Hexagon XIII Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Chien-Chiang Huang	-	-



Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Hexagon XIV Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Chien-Chiang Huang	-	-
Scitus Luzhou Cement Co., Ltd.	Chairman	Representative of Hexagon IV Holdings Limited: Cheng-Fu Yao	Contribution: RMB 355,500,000	90.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Li-Wen Tsai	Contribution: RMB 39,500,000	10.00
	Director	Representatives of Hexagon IV Holdings Limited: Ker-Fu Lu, Li-Wen Tsai, Chien-Chiang Huang	As above	As above
	Supervisor	Representative of Hexagon IV Holdings Limited: Yan-Xiang Wang	As above	As above
	President	Zhong-Hong Yang	-	-
Scitus Hejiang Cement Co., Ltd.	Chairman	Representative of Hexagon IX Holdings Limited: Cheng-Fu Yao	Contribution: RMB 20,925,000	90.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Li-Wen Tsai	Contribution: RMB 2,325,000	10.00
	Director	Representative of Hexagon IX Holdings Limited: Ker-Fu Lu	As above	As above
	Supervisor	Representative of Hexagon IX Holdings Limited: Yan-Xiang Wang	As above	As above
	President	Zhong-Hong Yang	-	-
Scitus Luzhou Concrete Co., Ltd.	Chairman	Representative of Hexagon XIV Holdings Limited: Cheng-Fu Yao	Contribution: RMB 18,750,000	75.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Li-Wen Tsai	Contribution: RMB 6,250,000	25.00
	Director	Representative of Hexagon XIV Holdings Limited: Ker-Fu Lu	As above	As above
	Supervisor	Representative of Hexagon XIV Holdings Limited: Yen-Xiang Wang	As above	As above
	President	Zhong-Hong Yang	-	-
Scitus Naxi Cement Co., Ltd.	Chairman	Representative of Hexagon III Holdings Limited: Cheng-Fu Yao	Contribution: RMB 131,859,000	90.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Li-Wen Tsai	Contribution: RMB 14,651,000	10.00
	Director	Representative of Hexagon III Holdings Limited: Ker-Fu Lu	As above	As above
	Supervisor	Representative of Hexagon III Holdings Limited: Yan-Xiang Wang	As above	As above
	President	Gao-Ying Dong	-	-

Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
TCC Huaying Cement Company Limited	Chairman	Representative of TCC (Guigang) Cement Ltd.: Ker-Fu Lu	Contribution: RMB 949,880,000	100.00
	Director	Representatives of TCC (Guigang) Cement Ltd.: Cheng-Fu Yao, Jong-Peir Li		
	Supervisor	Representative of TCC (Guigang) Cement Ltd.: Hsiao-En Tseng		
	President	Dao-Ping Wang	-	-
TCC Huaihua Cement Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd.: Ker-Fu Lu	Contribution: RMB 93,000,000	31.00
	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: Cheng-Fu Yao, Jong-Peir Li		
	Supervisor	Representative of TCC International (Hong Kong) Co., Ltd.: Guo-Hong Yeh		
	President	Cheng-Fu Yao	-	-
TCC Jingzhou Cement Company Limited	Chairman	Representative of TCC Huaihua Cement Company Limited: Ker-Fu Lu	Contribution: RMB 15,000,000	100.00
	Director	Representatives of TCC Huaihua Cement Company Limited: Cheng-Fu Yao, Jong-Peir Li		
	Supervisor	Guo-Hong Yeh	-	-
	President	Zhong-Hong Yang	-	-
TCC Huaihua Concrete Company Limited	Chairman	Representative of TCC Huaihua Cement Company Limited: Ker-Fu Lu	Contribution: RMB 10,000,000	100.00
	Director	Representatives of TCC Huaihua Cement Company Limited: Cheng-Fu Yao, Jong-Peir Li		
	Supervisor	Guo-Hong Yeh	-	-
	President	Cheng-Fu Yao	-	-
Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd.	Chairman	Representative of TCC (Guigang) Cement Company Limited: Yu-Wen Qiu	Contribution: RMB 117,000,000	100.00
	Director	Representative of TCC (Guigang) Cement Company Limited: Chien-Chuan Wang, Hai-Hau Wu		
	Supervisor	Yan-Xiang Wang	-	-
	President	Hai-Hau Wu	-	-
Beijing TCC Environmental Technology Co., Ltd.	Chairman	Representative of TCC Yingde Cement Co., Ltd. : Ker-Fu Lu	Contribution: RMB 6,000,000	100.00
	Director	Representatives of TCC Yingde Cement Co., Ltd. : Chien-Chuan Wang, Yu-Wen Qiu		
	Supervisor	Guo-Hong Yeh	-	-
	President	Wei Tian	-	-





Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Kaili TCC Environmental Technology Co., Ltd.	Chairman	Representative of TCC New (Hangzhou) Management Company Limited: Li-Wen Tsai	Contribution: RMB 8,000,000	100.00
	Director	Representatives of TCC New (Hangzhou) Management Company Limited: Cheng-Fu Yao, Chien-Chuan Wang		
	Supervisor	Yan-Xiang Wang	-	-
	President	Sheng-Tao Qiao	-	-
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	Chairman	Representative of Scitus Luzhou Cement Co.,Ltd. : Cheng-Fu Yao	Contribution: RMB 2,200,000	55.00
	Director	Representatives of Scitus Luzhou Cement Co.,Ltd. : Chien-Chuan Wang, Dai-Cai Luo		
	Supervisor	Guo-Hong Yeh, Xian Zhang	-	-
	President	Gao-ying Dong	-	-
Taiwan Cement (Dutch) Holdings B.V.	Director	Representative of Taiwan Cement Corporation: Jong-Peir Li, Li-Wen Tsai, Chien-Chiang Huang	Contribution: EUR 838,369,850	100.00
TCCMOLI Holdings(Singapore) Pte. Ltd.	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang , Jong-Peir Li	Contribution: USD 30,000	100.00
		Ren-Zhen Xue	-	-
		THAM WAN LOONG JEROME	-	-
TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Chairman	Representative of TCC Yingde Cement Co., Ltd. : An-Ping Chang	Contribution: RMB 700,000,000	100.00
	Director	Representatives of TCC Yingde Cement Co., Ltd. : Jong-Peir Li, Ker-Fu Lu		
	Director	Wei Tian	-	-
	Supervisor	Yi-Xiu Lin	-	-
	President	Jong-Peir Li	-	-
TCC (Hangzhou) Renewable Resources Technology Co.,Ltd. <sup>8</sup>	Director	Representatives of TCC (Guigang) Cement Company Limited: Bao-lue Ge, Guo-Hong Yeh	Contribution: RMB 100,000,000	17.86
	Director	Wei Tian	-	-
	Supervisor	Yi-Xiu Lin	-	-
	President	Chien-Chuan Wang	-	-

Affiliate	Title	Name or representative	Type of shares	
			Shareholdings	Percentage
Jurong TCC Environmental Co., Ltd. <sup>6</sup>	Chairman	Representatives of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd.: Ker-Fu Lu	Contribution: RMB 150,000,000	100.00
	Director	Representatives of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd.: Cheng-Fu Yao, Chien-Chuan Wang		
	Supervisor	Bao-lue Ge	-	-
TCC Energy Storage Technology Corporation <sup>7</sup>	Chairman	Representative of Taiwan Cement Corporation: An-Ping Chang	100,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Jong-Peir Li, Yu-Zhi Qiu		
	Supervisor	Representative of Taiwan Cement Corporation: Guo-Hong Yeh	-	-
	President	Jong-Peir Li	-	-
TCC Sustainable Energy Investment Corporation <sup>8</sup>	Chairman	Representative of Taiwan Cement Corporation: An-Ping Chang	100,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Jong-Peir Li, Yu-Zhi Qiu		
	Supervisor	Representative of Taiwan Cement Corporation: Guo-Hong Yeh	-	-
	President	Jong-Peir Li	-	-

1. CHIA-HO Green Energy Corporation was founded on February 14, 2020.
2. TCC TUNG-LI Green Energy Corporation was founded on February 9, 2021.
3. TCC Hong Kong Cement (HKC) Ltd.'s cancellation was completed in January 2020.
4. Chia Hsin Cement Greater China Holding Corporation's cancellation was completed in June 2020.
5. TCC (Hangzhou) Renewable Resources Technology Co.,Ltd. was founded on April 24, 2020.
6. Jurong TCC Environmental Co., Ltd. was founded on August 25, 2020.
7. TCC Energy Storage Technology Corporation was founded on September 18, 2020.
8. TCC Sustainable Energy Investment Corporation was founded on September 18, 2020.



Business highlights of affiliates

December 31, 2020 (expressed in NT\$ thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS
Taiwan Transport & Storage Corporation	483,518	2,786,862	398,958	2,387,904	1,472,315	59,190	243,314	5.03
TJ transport Corporation	25,000	110,436	76,203	34,233	54,965	11,818	8,358	3.34
Taiwan Cement Engineering Corporation	601,656	736,768	468	736,300	1,471	(2,026)	3,655	0.06
Kuan-Ho Refractories Industry Corporation	190,000	888,231	349,803	538,428	1,184,879	169,891	135,117	7.11
TCC Green Energy Corporation	3,208,987	3,320,510	222,409	3,098,101	133,486	17,095	(14,778)	(0.05)
TCC CHIA-CHIEN Green Energy Corporation	1,002,000	968,884	38,679	930,205	-	(30,857)	(28,562)	(0.34)
TCC YUN-KAI Green Energy Corporation	25,000	22,294	30	22,264	-	(325)	(308)	(0.12)
TCC LIEN-HSIN Green Energy Corporation	12,000	9,081	30	9,051	-	(42)	(39)	(0.03)
TCC CHANG-HO Green Energy Corporation	2,456	2,449	39	2,410	-	(47)	(46)	(0.19)
TCC KAO-CHENG Green Energy Corporation	82,000	86,831	5,081	81,750	4,509	2,255	1,850	0.37
TCC NAN-CHUNG Green Energy Corporation	170,000	171,766	3,511	168,255	651	124	513	0.03
CHANG-WANG Wind Power Co., Ltd.	720,000	824,893	155,974	668,919	23,521	(4,652)	(3,624)	(0.05)
TCC PING-CHIH Green Energy Corporation	2,000	1,947	30	1,917	-	(39)	(38)	(0.19)
CHIA-HO Green Energy Corporation <sup>1</sup>	50,000	50,293	669	49,624	-	(393)	(376)	(0.13)
TCC TUNG-LI Green Energy Corporation <sup>2</sup>	-	-	-	-	-	-	-	-
Hong Kong Cement Manufacturing Company Limited	HKD 45,000,000	HKD 71,052,485	HKD 239,920	HKD 70,812,565	HKD 1,740,343	HKD (425,800)	HKD (425,800)	NA
TCC Development Limited	Ordinary shares: USD 10 Non-voting deferred shares: USD 90	HKD 106,924,434	HKD 4,062,263	HKD 102,862,171	HKD 25,377,940	HKD 23,076,673	HKD 19,171,635	HKD 191,716.35
Ta-Ho Maritime Corporation	2,215,953	8,583,562	4,440,197	4,143,365	2,510,318	283,839	495,391	2.24
Ta-Ho Maritime Holdings Ltd.	USD 19,300,000	USD 163,820,086	USD 7,052	USD 163,813,034	USD 0	USD (10,544)	USD 10,424,729	USD 0.54
THC International S.A.	USD 39,310,000	USD 132,739,162	USD 1,942,515	USD 130,796,647	USD 18,052,171	USD 5,920,592	USD 6,032,227	USD 0.15
Ta-Ho Maritime (Hong Kong) Limited	USD 5,100,000	USD 30,245,418	USD 9,552	USD 30,235,866	USD 0	USD (10,395)	USD 4,411,378	USD 0.86
Ta-Ho Maritime (Singapore) Pte. Ltd.	USD 100,000	USD 2,495,458	USD 75,824	USD 2,419,634	USD 0	USD (29,370)	USD 8,803	USD 0.09
Da Tong (Guigang) International Logistics Co., Ltd.	USD 5,000,000	RMB 229,163,155	RMB 35,409,101	RMB 193,754,054	RMB 166,073,312	RMB 10,077,611	RMB 30,476,139	NA
Guigang Da-Ho Shipping Co., Ltd.	RMB 4,000,000	RMB 155,470,961	RMB 47,353,011	RMB 108,117,950	RMB 299,076,263	RMB 24,765,049	RMB 19,438,638	NA
Da Tong (Ying De) Logistics Co., Ltd.	RMB 5,000,000	RMB 33,404,017	RMB 5,184,972	RMB 28,219,045	RMB 30,985,024	RMB 3,601,452	RMB 3,190,987	NA
TCC Investment Corporation	1,174,000	6,813,847	2,189,480	4,624,367	-	(387)	160,858	1.37
Union Cement Traders Inc.	245,000	2,177,885	1,401,329	776,556	-	(815)	37,438	1.53
TCC Chemical Corporation	2,400,000	3,450,880	1,764,749	1,686,131	146,389	107,969	85,870	0.36
TCC Information Systems Corporation	150,000	398,531	145,393	253,138	374,236	33,419	14,710	0.98
Taicem Information (Samoa) Pte., Ltd.	3,412	58,855	9,868	48,987	-	(33)	(84)	NA
Fuzhou TCC Information Technology Co., Ltd.	RMB 826,510	RMB 4,103,320	RMB 1,016,440	RMB 3,086,880	RMB 1,767,605	RMB 427,602	RMB 425,302	NA
Taiwan Prosperity Chemical Corporation	1,320,100	8,609,804	7,576,188	1,033,616	8,456,024	(295,393)	(483,459)	(3.66)
Tung Chen Mineral Corporation	2,000	1,318	42	1,276	-	(42)	(42)	(2.08)
Jin Chang Minerals Corporation	54,000	486,327	411,236	75,091	180,746	4,133	4,938	0.91
Ho-Ping Industrial Port Corporation	3,200,000	8,916,916	3,183,076	5,733,840	1,722,186	1,025,508	806,115	2.52

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS
Ho-Ping Power Company	13,545,215	36,668,932	5,947,068	30,721,864	14,119,957	9,326,088	7,268,550	5.37
Ho-Ping Renewable Energy Company	1,000	997	-	997	-	(2)	(2)	(0.02)
HPC Power Services Corporation	USD 100,000	321,772	124,436	197,336	485,040	245,225	196,273	NA
Ta-Ho RSEA Environment Co., Ltd.	600,000	3,666,190	3,384,094	282,096	-	(11,137)	(8,967)	(0.15)
E.G.C. Cement Corporation	159,200	304,580	70,481	234,099	547,434	34,134	34,885	2.19
Feng Sheg Enterprise Company Limited	600,000	2,540,761	1,657,744	883,017	3,110,136	188,041	157,887	2.63
Ho Sheng Mining Co., Ltd.	301,000	688,195	312,938	375,257	713,534	153,569	138,125	4.59
Taicorn Minerals Corp.	PHP 16,500,000	-	PHP 35,201,000	PHP (35,201,000)	-	-	-	NA
Trans Philippines Mineral Corp.	PHP 5,000,000	-	PHP 10,004,000	PHP (10,004,000)	-	-	-	NA
TCC International Limited	USD 1,100,875,900	HKD 17,222,150,687	HKD 32,415,292	HKD 17,189,735,395	-	HKD 247,737,970	HKD 222,711,922	HKD 0.37
TCC International Holdings Ltd.	Ordinary shares: HKD674,492,964	HKD 26,346,513,617	HKD 4,582,902,025	HKD 21,763,611,592	-	HKD (90,177,327)	HKD (90,474,511)	NA
TCC International (Guangxi) Limited	USD 203,000,000	HKD 3,112,906,080	HKD 85,028,282	HKD 3,027,877,798	-	HKD 524,306,187	HKD 524,306,187	HKD 2.58
TCC (Guigang) Cement Ltd.	USD 332,875,900	HKD 10,029,996,879	HKD 2,691,405,749	HKD 7,338,591,130	HKD 3,239,869,224	HKD 1,125,037,150	HKD 879,430,474	NA
TCC Hong Kong Cement (BVI) Holdings Ltd.	USD 17,000	HKD 10,549,526,080	HKD 3,303,694	HKD 10,546,222,386	-	HKD (8,664)	HKD (8,664)	NA
Ulexite Investments Ltd.	USD 200	HKD 37,947,527	-	HKD 37,947,527	-	HKD (1,802,763)	HKD (1,802,763)	NA
TCC Hong Kong Cement Development Ltd.	Ordinary shares: USD10 Non-voting deferred shares: USD90	HKD 83,702,815	HKD 7,444,912	HKD 76,257,903	-	HKD (1,193,351)	HKD (967,048)	NA
TCC Hong Kong Cement (QHC) Ltd.	USD 100	HKD 18,114,340	HKD 13,331	HKD 18,101,009	-	HKD (13,331)	HKD (13,331)	NA
Chiefock Company Ltd.	HKD 1,000,000	HKD 47,006,786	HKD 40,000	HKD 46,966,786	-	HKD (660,103)	HKD (660,103)	NA
TCC International (Liuzhou) Ltd.	USD 50,000	HKD 796,558	HKD 482,699	HKD 313,858	-	HKD (15,253)	HKD (15,253)	NA
TCC Liuzhou Company Ltd.	HKD 10,000	HKD 81,066,155	HKD 20,000	HKD 81,046,155	-	HKD 20,104,033	HKD 18,102,433	HKD 1,810.24
TCC Hong Kong Cement (Yargoan) Ltd.	USD 100	HKD 3,347,899	-	HKD 3,347,899	-	HKD (13,330)	HKD (13,330)	NA
TCC Hong Kong Cement (HKC) Ltd. <sup>3</sup>	-	-	-	-	-	-	-	-
Hong Kong Cement Company Ltd.	HKD 164,391,013	HKD 299,296,822	HKD 44,134,359	HKD 255,162,462	HKD 201,494,779	HKD 32,320,186	HKD 27,372,028	HKD 2,737.20
TCC Hong Kong Cement (Philippines) Ltd.	USD 100	HKD 22,233,162	HKD 6,162,833	HKD 16,070,329	-	HKD (8,164)	HKD (8,164)	NA
TCC Cement Corporation	Peso 91,020,500	HKD 12,135,842	HKD 10,051,057	HKD 2,084,785	-	-	-	NA
TCC Hong Kong Cement (International) Ltd.	USD 1,700	HKD 10,167,182,775	HKD 237,585,990	HKD 9,929,596,785	-	HKD 89,691,798	HKD 89,691,798	HKD 74,743.17
TCC International (Hong Kong) Company Limited	HKD 10,163,557,694	HKD 10,195,573,672	HKD 7,741,416	HKD 10,187,832,256	-	HKD 9,553,935	HKD 9,113,193	HKD 799.40
TCC Fuzhou Yangyu Port Co., Ltd.	USD 5,000,000	HKD 77,375,141	HKD 2,078,397	HKD 75,296,744	HKD 14,641,031	HKD 1,552,162	HKD 1,552,162	NA
TCC Liuzhou Construction Materials Co., Ltd.	USD 13,500,000	HKD 299,750,712	HKD 39,903,266	HKD 259,847,447	HKD 243,244,072	HKD 37,539,840	HKD 31,916,162	NA
TCC Fuzhou Cement Co., Ltd.	USD 16,250,000	HKD 337,021,582	HKD 79,491,994	HKD 257,529,588	HKD 257,776,788	HKD (2,880,772)	HKD (2,847,523)	NA
TCC Yingde Cement Co., Ltd.	USD 254,400,000	HKD 9,951,510,164	HKD 1,653,121,217	HKD 8,298,388,947	HKD 3,639,519,931	HKD 1,598,496,207	HKD 1,241,740,179	NA
Jurong TCC Cement Co., Ltd.	USD 233,000,000	HKD 5,385,820,290	HKD 468,592,598	HKD 4,917,227,792	HKD 1,662,802,175	HKD 698,491,027	HKD 548,077,968	NA



Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS
Chia Hsin Cement Greater China Holding Corporation <sup>4</sup>	-	-	-	-	-	-	-	-
Jingyang Industrial Limited	HKD 101,614,561	HKD 1,560,299,761	HKD 1,251,073,090	HKD 309,226,671	-	HKD 134,039,494	HKD 134,039,494	HKD 5.58
Jiangsu TCC Investment Co., Ltd.	USD 50,000,000	HKD 1,093,702,011	-	HKD 1,093,702,011	-	HKD 153,754,763	HKD 153,754,763	NA
Upper Value Investments Limited	USD 12,400	HKD 6,833,562,220	HKD (268,521,584)	HKD 7,102,083,804	-	HKD (88,289)	HKD (88,289)	NA
Prosperity Cement Investment Limited	HKD 759,955,769	HKD 973,853,295	HKD 5,854,720	HKD 967,998,576	-	HKD (20,977)	HKD (20,977)	NA
Yingde Dragon Mountain Cement Co., Ltd.	RMB 428,110,000	HKD 5,278,206,910	HKD 372,417,257	HKD 4,905,789,653	HKD 2,033,169,177	HKD 888,478,427	HKD 673,424,009	NA
Prosperity Minerals (International) Limited	HKD 28,533,976	HKD 1,876,823,036	HKD 162,150,652	HKD 1,714,672,383	-	HKD 355,430,477	HKD 317,689,087	HKD 105,896,362.36
Kiton Ltd.	HKD 685,926,583	HKD 685,798,726	HKD 48,000	HKD 685,750,726	-	HKD (49,070)	HKD (49,070)	NA
TCC Liaoning Cement Company Limited	RMB 371,000,000	HKD 940,973,934	HKD 463,445,864	HKD 477,528,070	HKD 422,545,220	HKD 23,138,874	HKD 23,120,754	NA
Hensford Ltd.	HKD 1,191,945,979	HKD 1,192,383,548	HKD 386,850	HKD 1,191,996,698	-	HKD (50,752)	HKD (50,752)	NA
TCC Anshun Cement Company Limited	USD 153,490,000	HKD 2,257,712,518	HKD 177,626,671	HKD 2,080,085,847	HKD 779,220,641	HKD 26,302,280	HKD 25,023,784	NA
Sure Kit Ltd.	HKD 953,818,809	HKD 954,646,846	HKD 48,000	HKD 954,598,846	-	HKD (51,240)	HKD (51,240)	NA
TCC Chongqing Cement Company Limited	USD 118,000,000	HKD 2,844,475,733	HKD 292,674,621	HKD 2,551,801,112	HKD 1,220,426,677	HKD 382,081,836	HKD 284,195,027	NA
Prime York Ltd.	HKD 532,147,515	HKD 535,362,693	HKD 9,332,076	HKD 526,030,618	-	HKD 139,527,465	HKD 132,284,705	HKD 12,843.18
Prosperity Minerals (China) Limited	USD 10,300	HKD 127,992,488	HKD 6,969,649	HKD 121,022,838	-	HKD (283,024)	HKD (325,037)	NA
Mega East Limited	HKD 597,603,470	HKD 597,834,558	HKD 465,785	HKD 597,368,773	-	HKD (49,116)	HKD (49,116)	NA
Guangan Changxing Cement Co., Ltd.	USD 76,990,000	HKD 1,628,142,995	HKD 139,924,125	HKD 1,488,218,870	HKD 662,457,310	HKD 227,823,114	HKD 168,873,255	NA
TCC (DongGuan) Cement Company Limited	USD 20,000,000	HKD 86,255,871	HKD 7,021	HKD 86,248,850	-	HKD (2,731,790)	HKD (2,731,790)	NA
TCC International (China) Company Limited	HKD 62,143,260	HKD 62,126,863	HKD 204,290	HKD 61,922,573	-	HKD (20,880)	HKD (20,880)	NA
TCC New (Hangzhou) Management Company Limited	USD 8,000,000	HKD 131,365,027	HKD 83,512,875	HKD 47,852,152	-	HKD 38,552	HKD 38,552	NA
Kong On Cement Holdings Ltd.	HKD 127,440,000	HKD 157,519,001	HKD 19,625,666	HKD 137,893,335	-	HKD (23,280)	HKD (23,280)	NA
Guizhou Kong On Cement Company Limited	USD 20,300,000	HKD 375,646,414	HKD 181,513,715	HKD 194,132,699	HKD 195,903,806	HKD (15,735,591)	HKD (15,535,509)	NA
Wayly Holdings Limited	USD 10,501	HKD 512,853,053	HKD 26,218,857	HKD 486,634,196	-	HKD (11,470)	HKD (11,470)	NA
Guizhou Kaili Rui An Jian Cai Co., Ltd.	RMB 389,660,500	HKD 1,157,903,077	HKD 134,438,916	HKD 1,023,464,161	HKD 514,273,201	HKD (1,229,701)	HKD (3,768,186)	NA
TCC Shaoguan Cement Co., Ltd.	USD 69,100,000	HKD 876,746,064	HKD 349,151,525	HKD 527,594,539	-	HKD (9,384,529)	HKD (9,384,529)	NA
TCC Yingde Mining Industrial Company Limited	USD 11,500,000	HKD 119,034,438	HKD 12,779,502	HKD 106,254,936	HKD 20,237,052	HKD 1,721,074	HKD 1,290,805	NA
TCC Guigang Mining Industrial Company Limited	USD 5,000,000	HKD 108,523,554	HKD 3,759,818	HKD 104,763,735	HKD 32,805,381	HKD 4,334,614	HKD 3,245,186	NA
TCC Jiangsu Mining Industrial Company Limited	USD 4,000,000	HKD 99,242,073	HKD 12,605,733	HKD 86,636,340	HKD 53,067,846	HKD 18,277,804	HKD 16,279,924	NA
Scitus Cement (China) Holdings Limited	HKD 1,245,257,277	HKD 1,271,452,346	HKD 393,085,699	HKD 878,366,647	-	HKD (624,397)	HKD (624,397)	NA
Scitus Cement (China) Operating Company Limited	HKD 10,000	-	HKD 6,224,522	HKD (6,224,522)	-	HKD (12,355)	HKD (12,355)	NA

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS
Hexagon Holdings Limited	HKD 1	HKD 211,607,160	HKD 12,000	HKD 211,595,160	-	HKD (12,655)	HKD (12,655)	NA
Hexagon II Holdings Limited	HKD 1	HKD 75,882,259	HKD 12,000	HKD 75,870,259	-	HKD (12,355)	HKD (12,355)	NA
Hexagon III Holdings Limited	HKD 79,500,001	HKD 158,448,572	HKD 69,094,257	HKD 89,354,315	-	HKD (48,748)	HKD (48,748)	NA
Hexagon IV Holdings Limited	HKD 136,430,001	HKD 439,489,868	HKD 281,636,378	HKD 157,853,490	-	HKD (45,975)	HKD (45,975)	NA
Hexagon V Holdings Limited	HKD 1	HKD 89,095,253	HKD 14,014,609	HKD 75,080,644	-	HKD (12,306)	HKD (12,306)	NA
Upper Value Investment Ltd.	HKD 1	HKD 560,692,006	HKD 177,790,681	HKD 382,901,325	-	HKD 132,529,145	HKD 132,529,145	HKD 132,529,145
Hexagon VIII Holdings Limited	HKD 1	HKD 10,819,922	HKD 12,000	HKD 10,807,922	-	HKD (12,355)	HKD (12,355)	NA
Hexagon IX Holdings Limited	HKD 1	HKD 19,297,686	HKD 20,663,679	HKD (1,365,993)	-	HKD (48,855)	HKD (48,855)	NA
Hexagon XIII Holdings Limited	HKD 1	HKD 5,847,373	HKD 12,000	HKD 5,835,373	-	HKD (12,250)	HKD (12,250)	NA
Hexagon XIV Holdings Limited	HKD 1	HKD 21,446,078	HKD 21,868,856	HKD (422,778)	-	HKD (48,750)	HKD (48,750)	NA
Scitus Luzhou Cement Co., Ltd.	RMB 395,000,000	HKD 1,000,391,248	HKD 144,200,978	HKD 856,190,270	HKD 553,317,055	HKD 99,617,380	HKD 58,919,036	NA
Scitus Hejiang Cement Co., Ltd.	RMB 23,250,000	HKD 3,204,856	HKD 1,776,496	HKD 1,428,360	-	HKD 37,761	HKD 37,761	NA
Scitus Luzhou Concrete Co., Ltd.	RMB 25,000,000	HKD 39,567,328	HKD 8,426,921	HKD 31,140,408	HKD 29,010,577	HKD (2,682,150)	HKD (2,685,892)	NA
Scitus Naxi Cement Co., Ltd.	RMB 146,510,000	HKD 245,805,335	HKD 90,463,651	HKD 155,341,684	HKD 165,139,681	HKD 19,779,816	HKD 19,779,816	NA
Anshun Xin Tai Construction Materials Company Limited	RMB 15,000,000	HKD 23,240,977	HKD 5,919,861	HKD 17,321,115	HKD 7,854,230	HKD 73,125	HKD 73,125	NA
TCC Huaying Cement Company Limited	RMB 949,880,000	HKD 1,134,793,622	HKD 114,345,487	HKD 1,020,448,135	HKD 496,156,404	HKD 29,445,045	HKD 24,072,964	NA
TCC Huaihua Cement Company Limited	RMB 300,000,000	HKD 1,828,248,647	HKD 563,776,478	HKD 1,264,472,169	HKD 622,223,471	HKD 68,069,195	HKD 68,069,195	NA
TCC Jingzhou Cement Company Limited	RMB 150,000,000	HKD 633,803,405	HKD 55,443,255	HKD 578,360,150	HKD 300,730,766	HKD 25,698,837	HKD 21,252,802	NA
TCC Huaihua Concrete Company Limited	RMB 10,000,000	HKD 29,034,573	HKD 17,219,965	HKD 11,814,608	HKD 14,353,193	HKD (1,937,860)	HKD (1,937,860)	NA
Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd.	RMB 117,000,000	HKD 206,021,588	HKD 50,788,583	HKD 155,233,006	HKD 31,897,740	HKD 7,655,692	HKD 7,603,176	NA
Beijing TCC Environmental Technology Co., Ltd.	RMB 6,000,000	HKD 3,111,522	HKD 8,853,898	HKD (5,742,376)	-	HKD (6,832,620)	HKD (6,832,620)	NA
Kaili TCC Environmental Technology Co., Ltd.	RMB 8,000,000	HKD 42,381,126	HKD 35,824,879	HKD 6,556,246	-	HKD (1,027,864)	HKD (1,027,864)	NA
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	RMB 4,000,000	HKD 4,312,845	HKD (14,865)	HKD 4,327,711	HKD 0	HKD 144,710	HKD 144,710	NA
Taiwan Cement (Dutch) Holdings B.V.	EUR 838,369,850	EUR 823,953,425	EUR 41,908	EUR 823,911,517	-	EUR (442,932)	EUR 21,708,596	NA
TCCMOLI Holdings(Singapore) Pte. Ltd.	USD 30,000	USD 17,393	-	USD 17,393	-	USD (6,356)	USD (6,376)	NA
TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	RMB 700,000,000	HKD 1,392,642,626	HKD 668,691,824	HKD 723,950,802	-	HKD (62,412,634)	HKD (62,412,634)	NA
TCC (Hangzhou) Renewable Resources Technology Co., Ltd. <sup>5</sup>	RMB 560,000,000	HKD 667,894,236	HKD 346,466	HKD 667,547,770	-	HKD 1,441,240	HKD 1,080,930	NA



Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS
Jurong TCC Environmental Co., Ltd. <sup>6</sup>	RMB 150,000,000	HKD 178,500,000	-	HKD 178,500,000	-	-	-	NA
TCC Energy Storage Technology Corporation. <sup>7</sup>	1,000	984	-	984	-	(16)	(16)	(0.16)
TCC Sustainable Energy Investment Corporation. <sup>8</sup>	1,000	975	-	975	-	(25)	(25)	(0.25)

1. CHIA-HO Green Energy Corporation was founded on February 14, 2020.
2. TCC TUNG-LI Green Energy Corporation was founded on February 9, 2021.
3. TCC Hong Kong Cement (HKC) Ltd.'s cancellation was completed in January 2020.
4. Chia Hsin Cement Greater China Holding Corporation's cancellation was completed in June 2020.
5. TCC (Hangzhou) Renewable Resources Technology Co.,Ltd. was founded on April 24, 2020.
6. Jurong TCC Environmental Co., Ltd. was founded on August 25, 2020.
7. TCC Energy Storage Technology Corporation was founded on September 18, 2020.
8. TCC Sustainable Energy Investment Corporation was founded on September 18, 2020.

8.2 Private Placement Securities: None

8.3 Holding or Disposition of the Company Shares by Subsidiaries: None

8.4 Other required supplementary notes: None

## Chapter 9

# 9. Any events that had a significant impact on shareholders' rights or share prices as stated in Item 2 Paragraph 2 of Article 36 of Taiwan's Securities Exchange Act:

Considering the business model, financial structure and the comprehensive interests of the TCC Group, TCC proposed to dispose of all the shares of its subsidiary, Taiwan Prosperity Chemical Corporation, and this proposal has been submitted and approved in the BOD meeting on March 19, 2021. TCC has filed and publicly announced this decision based on the requirements of Securities and Exchange Law of Taiwan and TCC assessed that there is no material impact on shareholders' rights and interests or securities prices.



# Contact information

## TCC Headquarter

(02) 2531-7099  
No. 113, Section 2, Zhongshan North Rd.,  
Zhongshan Dist., Taipei City 104, Taiwan

## Research and development

(03) 321-7855  
No. 148, Section 1, Chang'an Rd., Luzhu  
Dist., Taoyuan City 338, Taiwan

## Ho-Ping cement plant

(03) 868-2111  
No.263, Ho-Ping Village, Sioulin Township,  
Hualien County 972, Taiwan

## Suao cement plant

(03) 996-2511-20  
No. 46, Yongchang Rd., Suao Township,  
Yilan County 270, Taiwan

## Hualien cement plant

(03) 822-1161-4  
No. 103, Huaadong, Hualien City, Hualien  
County 970, Taiwan

## Hualien ready mix concrete site

(03) 822-8353  
No. 2-1, Jingmei Rd., Hualien City, Hualien  
County 970, Taiwan

## Taipei cement products plant

(02) 2765-1260  
No. 52, Sec.1, Keelung Rd., Xinyi Dist.,  
Taipei City 110, Taiwan

## Taipei cement products plant

(02) 8691-9518  
No. 310, Sec.1, Datong Rd., Xizhi Dist.,  
New Taipei City 221, Taiwan

## Tucheng branch

(02) 8676-3356  
No. 4, Ln. 223, Sec. 3, Jieshou Rd.,  
Sanxia Dist., New Taipei City 237, Taiwan

## Taoyuan branch

(03) 322-2166-68  
No. 220, Sec. 2, Nanshan Rd., Luzhu  
Township, Taoyuan County 338, Taiwan

## Taoyuan second branch

(03) 322-1321  
No. 59, Liufu Rd., Luzhu Dist., Taoyuan  
City 338, Taiwan

## Taipei delivery station

(02) 2423-1815  
No. 59, Guanghua Rd., Zhongshan Dist.,  
Keelung City 203, Taiwan

## Guishan branch

(03) 359-5633  
No. 688, Dongwanshou Rd., Guishan Dist.,  
Taoyuan City 333, Taiwan

## Bade branch

(03) 368-5785  
No. 32-1, Chung Hsiao alley, Changxing  
Rd., Bade City, Taoyuan County 334,  
Taiwan

## Jhongli branch

(03) 490-7675-8  
No. 203, Sec. 6, Minzu Rd., Xinwu  
Township, Taoyuan County 327, Taiwan

## Jhongli second branch

(03) 490-5501  
No. 38, Ln. 306, Sec. 1, Guoling Rd.,  
Zhongli Dist., Taoyuan City 320, Taiwan

## Hsinchu branch

(03) 551-5166-9  
No. 792, Bo'ai St., Zhubei City, Hsinchu  
County 302, Taiwan

## Yilan branch

(03) 922-0456  
No. 438, Sec. 2, Yuanshan Rd., Yuanshan  
Township, Yilan County 264, Taiwan

## Taichung cement plant

(04) 2568-1691  
No. 785, Sec. 3, Zhongqing Rd., Daya  
Dist., Taichung City 428, Taiwan

## Dadoo branch

(04) 2699-2826  
No. 303, Sec. 2, Shatian Rd., Dadu Dist.,  
Taichung City 432, Taiwan

## Taiping branch

(04) 2273-2506  
No. 120, Sec. 2, Yongping Rd., Taiping  
Dist., Taichung City 411, Taiwan

## Taichung Port cement distribution station

(04) 2656-4394-5  
No.2, Beiheng 7th Rd., Qingshui Dist.,  
Taichung City 436, Taiwan

## Shengang branch

(04) 2563-3980  
No. 502, Xizhou Rd., Shengang Dist.,  
Taichung City 429, Taiwan

## Caotun branch

(049) 225-3248  
No. 137, Renhe Rd., Nantou City, Nantou  
County 540, Taiwan

## Kaohsiung cement plant

(07) 372-0396  
No. 16, Gongye 1st Rd., Renwu Dist.,  
Kaohsiung City 814, Taiwan

## Chiayi branch

(05) 221-7215  
No. 8, Xinsheng St., Minxiong Township,  
Chiayi County 621, Taiwan

## Tainan branch

(06) 270-3259  
No. 36, Taiyi 7th St., Rende Dist., Tainan  
City 717, Taiwan

## Luzhu branch

(07) 607-1238  
No. 809, Daren Rd., Luzhu Dist.,  
Kaohsiung City 821, Taiwan

## Shanhua branch

(06) 581-0685  
No. 33, Xingnong Rd., Shanhua Dist.,  
Tainan City 741, Taiwan

## Anping branch

(06) 291-9809  
No. 84-2, Xinle Rd., South Dist., Tainan  
City 702, Taiwan

## Nanxun branch

(07) 349-4062  
No. 99-1, Gaonan Rd., Renwu Dist.,  
Kaohsiung City 814, Taiwan

## Xiaogang branch

(07) 872-1166-7  
No. 12, Zhonglin Rd., Xiaogang Dist.,  
Kaohsiung City 812, Taiwan

## Xinshi branch

(06) 589-3441  
No. 183, Zhongshan Rd., New Urban Dist.,  
Tainan City 744, Taiwan

## Kaohsiung Port cement distribution station (No.44 Wharf)

(07) 813-5047-9  
No. 12, Dahua 3rd Rd., Qianzhen Town,  
Kaohsiung City 806, Taiwan

## Anping Port cement distribution station

(06) 292-3123  
No. 6, Lane 23, Xingang Rd., South Dist.,  
Tainan City 702, Taiwan

## Spokesman

### Senior Vice President, Chien-Chiang Huang

TEL: (02) 2531-7099 ext. 20501  
E-mail: edhuang@taiwancement.com

### Deputy Spokesperson Assistant Vice President, Jia-Ro Lai

TEL: (02) 2531-7099 ext. 20207  
E-mail: nana.lai@taiwancement.com

### Stock Transfer Services Transfer Agency, CTCB Bank

Address: 5F., No.83, Sec.1, Chongqing S.  
Rd., Zhongzheng Dist., Taipei City 100,  
Taiwan  
TEL: (02) 6636-5566  
WEB: www.chinatrust.com.tw

## CPAs

### Chih-Ming Shao and Hui-Min Huang Deloitte Taiwan

20F., Taipei Nan Shan Plaza No.100,  
Songren Rd., Xinyi Dist., Taipei 11073,  
Taiwan  
TEL: (02) 2725-9988 (Rep.)  
WEB: http://www.deloitte.com

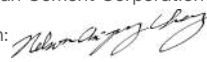

## Overseas listings and access to listing information:

1.Global depository receipts – Luxembourg  
Stock Exchange sub-board link for  
inquiries: [https://www.bourse.lu/issuer/  
TaiwanCement/55152](https://www.bourse.lu/issuer/TaiwanCement/55152)

2.Overseas unsecured convertible corporate  
bonds – Singapore Exchange link for  
inquiries: <https://www2.sgx.com/>



The Taiwan Cement Corporation

Chairman:  





Stock code  
1101

# The Taiwan Cement Corporation Annexes to 2020 Annual Report

台泥  
青澀  
築善循環

Website : [www.taiwancement.com](http://www.taiwancement.com)

(MOPS)Market Observation Post System website: [mops.twse.com.tw](http://mops.twse.com.tw)

Published on March 20<sup>th</sup>, 2021



# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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### 1. GENERAL INFORMATION

Taiwan Cement Corporation (the “Corporation”) was incorporated in 1946 and was restructured as a company limited by shares in 1951, which was jointly operated by the Ministry of Economics Resource Committee and the Taiwan Provincial Government. In 1954, the Corporation was privatized as a result of the Taiwan government’s land reform program, land-to-the-tiller policy. The Corporation engages in the manufacture and marketing of cement, cement-related products and ready-mixed concrete. The Corporation’s shares have been listed on the Taiwan Stock Exchange since February 1962.

The consolidated financial statements of the Corporation and its subsidiaries, collectively referred to as the “Group”, are presented in New Taiwan dollars, the functional currency of the Corporation.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 19, 2021.

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

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

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

- c. The New IFRSs issue by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by Issued FSC

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

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.



#### Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

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

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

The Group engages in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in its relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

Refer to Note 12 for the detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

For each business combination, the Group measures the non-controlling interests at either fair value or the share in the recognized amounts of the acquiree's identifiable net assets. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

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

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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

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

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



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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on its initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

i. Property, plant and equipment

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

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

Freehold land is not depreciated.

Depreciation of property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

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

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

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation. On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit or groups of cash-generating units was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation that is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## l. Intangible assets

### 1) Intangible assets acquired separately

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

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it is initially recognized as an intangible asset at its fair value. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

### 2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

### 3) Derecognition of intangible assets

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

## m. Impairment of property, plant and equipment, right-of-use assets, intangible assets other than goodwill

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

Intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

## n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on their remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

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

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

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

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



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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, without considering the collateral held, the Group determines that a financial asset is in default when internal or external information show that the debtor is unlikely to pay its creditors, unless there is reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

3) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at FVTPL, all financial liabilities are carried at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when any such financial liability is either held for trading or is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

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

#### 4) Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

#### 5) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

##### o. Hedge accounting

The effects of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period as when the hedged item affects profit or loss. If the hedge of forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

##### p. Revenue recognition

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

- 1) Revenue from the sale of goods is recognized when the goods are delivered to customer' specific location and the ownership of the goods is transferred to customer.
- 2) Service income is recognized by reference to the stage of completion of the contract or when services are provided. Freight revenue is recognized by reference to the proportion of the voyage period.
- 3) Revenue from electric power is calculated according to the volume of electric power sold and the energy rate.

q. Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Group as lessor

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

Under finance leases, the lease payments comprise in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.



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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decrease the scope of the lease, and recognizes in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Borrowing costs

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

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

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

s. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Relevant grants of an asset are recognized as deferred revenue or a reduction of the asset's cost on a straight-line basis.

t. Employee benefits

1) Short-term employee benefits

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

## 2) Retirement benefits

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

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

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

## 3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

### u. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees and treasury shares transferred to employees is the date on which the number of shares that the employees purchase is confirmed.

### v. Taxation

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

#### 1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

#### 2) Deferred tax

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

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

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

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

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

### 3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, and in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Impairment of property, plant and equipment

The impairment loss of property, plant and equipment in relation to production was based on the recoverable amounts of those assets, which are the higher of their fair value less costs of disposal and their value in use. Any changes in the market prices or future cash flows will affect the recoverable amounts of those assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 7,934	\$ 8,219
Checking accounts and demand deposits	30,351,013	25,276,394
Cash equivalents		
Time deposits with original maturities of less than 3 months	17,683,667	26,459,579
Bonds with repurchase agreements	<u>3,390,908</u>	<u>1,828,428</u>
	<u>\$ 51,433,522</u>	<u>\$ 53,572,620</u>

The market rate intervals of cash in banks and bonds with repurchase agreements at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash in banks	0.01%-3.00%	0.01%-3.70%
Bonds with repurchase agreements	0.19%-0.40%	0.45%-0.60%

Financial assets at amortized cost are mainly time deposits with original maturities of more than 3 months:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current	\$ 15,769,277	\$ 4,745,911
Non-current	<u>16,475,021</u>	<u>984,716</u>
	<u>\$ 32,244,298</u>	<u>\$ 5,730,627</u>



The market rate intervals of time deposits with original maturities of more than 3 months at the end of the reporting period were as follows:

<b>December 31</b>	
<b>2020</b>	<b>2019</b>
0.07%-4.26%	0.14%-4.40%

Refer to Note 31 for information relating to pledged financial assets at amortized cost.

## 7. FINANCIAL INSTRUMENTS AT FVTPL

		<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative instruments (not under hedge accounting)			
Redemption options and put options of convertible bonds	\$	17,092	\$ 1,235
Non-derivative financial assets			
Domestic listed shares		234,963	228,588
Domestic emerging market shares		101,931	96,909
Mutual funds		<u>-</u>	<u>175,273</u>
	<b>\$</b>	<b><u>353,986</u></b>	<b>\$ <u>502,005</u></b>

## 8. FINANCIAL ASSETS AT FVTOCI (INVESTMENTS IN EQUITY INSTRUMENTS)

		<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
<u>Current</u>			
Domestic investments			
Listed shares	\$	5,544,326	\$ 7,126,288
Convertible preference shares		<u>52,145</u>	<u>54,457</u>
	<b>\$</b>	<b><u>5,596,471</u></b>	<b>\$ <u>7,180,745</u></b>
<u>Non-current</u>			
Domestic investments			
Unlisted shares	\$	7,239,178	\$ 6,971,622
Foreign investments			
Listed shares		<u>24,664,109</u>	<u>29,148,717</u>
	<b>\$</b>	<b><u>31,903,287</u></b>	<b>\$ <u>36,120,339</u></b>

Refer to Note 31 for information relating to investments in equity instruments at FVTOCI pledged as collateral for credit accommodations.

## 9. NOTES AND ACCOUNTS RECEIVABLE

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Notes receivable	\$ 29,529,951	\$ 31,268,890
Less: Allowance for impairment loss	<u>(11,144)</u>	<u>(10,723)</u>
	<u>29,518,807</u>	<u>31,258,167</u>
Accounts receivable	9,654,937	8,933,767
Less: Allowance for impairment loss	<u>(132,295)</u>	<u>(95,214)</u>
	<u>9,522,642</u>	<u>8,838,553</u>
	<u>\$ 39,041,449</u>	<u>\$ 40,096,720</u>

The Group recognizes allowance for impairment loss on account receivable on the basis of individual customers for which credit losses have actually taken place. Moreover, the Group separates all customers into different segments based on their risk and determines their expected credit loss rate by reference to past default experience with the counterparties and on analysis of their current financial positions. The Group recognizes an allowance for impairment loss of 100% against past due receivables which have indication of impairment.

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

The aging analysis of receivables was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Up to 90 days	\$ 23,631,396	\$ 24,505,536
91-180 days	14,264,510	14,550,796
181-365 days	1,123,626	1,029,401
Over 365 days	<u>21,917</u>	<u>10,987</u>
	<u>\$ 39,041,449</u>	<u>\$ 40,096,720</u>

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the allowance for doubtful notes and accounts receivable were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 105,937	\$ 50,939
Add: Net remeasurement of loss allowance	38,461	58,292
Less: Amounts written off	(2,597)	(2,323)
Foreign exchange translation gains and losses	<u>1,638</u>	<u>(971)</u>
Balance at December 31, 2020	<u>\$ 143,439</u>	<u>\$ 105,937</u>

## 10. FINANCE LEASE RECEIVABLES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Undiscounted lease payments</u>		
Year 1	\$ 5,457,252	\$ 5,106,298
Year 2	5,550,758	5,457,252
Year 3	5,578,575	5,550,758
Year 4	6,127,364	5,578,575
Year 5	6,285,029	6,127,364
Year 6 onwards	<u>15,011,003</u>	<u>21,296,031</u>
	44,009,981	49,116,278
Less: Unearned finance income	14,708,766	18,116,604
Less: Accumulated impairment	<u>47,878</u>	<u>47,878</u>
Net investment in leases presented as finance lease receivables	<u>\$ 29,253,337</u>	<u>\$ 30,951,796</u>
Current (included in accounts receivable)	\$ 2,278,220	\$ 1,698,460
Non-current	<u>26,975,117</u>	<u>29,253,336</u>
	<u>\$ 29,253,337</u>	<u>\$ 30,951,796</u>

The Group's electric power selling contracts with guaranteed power generation periods are classified as finance lease arrangements and the term entered into was 25 years. The interest rate inherent in the lease was fixed at the contract date for the entire lease term. The interest rate inherent in the finance lease was approximately 11.18%.

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Finished goods	\$ 2,248,212	\$ 2,147,190
Work in process	1,610,246	1,324,205
Raw materials	<u>4,083,297</u>	<u>4,661,582</u>
	<u>\$ 7,941,755</u>	<u>\$ 8,132,977</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$69,474,982 thousand and \$79,733,532 thousand, respectively.

The cost of goods sold included reversal of write-downs of inventory as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Reversal of write-downs of inventory	<u>\$ 72,989</u>	<u>\$ 36,520</u>

Previous write-downs were reversed due to the disposal of slow moving inventories.

## 12. SUBSIDIARIES

### a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries which are as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			2020	2019	
Taiwan Cement Corporation	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	83.9	83.9	
	TCC Investment Corporation	Investment	100.0	100.0	
	Kuan-Ho Refractories Industry Corporation	Production and sale of refractory materials	95.3	95.3	
	Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	Investment holding	84.7	84.7	
	Ta-Ho Maritime Corporation	Marine transportation	64.8	64.8	
	Taiwan Cement Engineering Corporation	Engineering services	99.2	99.0	1)
	TCC Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Chemical Corporation	Leasing property and energy technology services	100.0	100.0	
	TCC Information Systems Corporation	Information software design	99.4	99.4	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	71.1	40.0	1) 3)
	Tung Chen Mineral Corporation	Afforestation and sale of limestone	99.5	99.5	
	Jin Chang Minerals Corporation	Afforestation and sale of limestone	100.0	100.0	
	Hoping Industrial Port Corporation	Hoping Industrial Port management	100.0	100.0	
	TCC International Ltd. ("TCCIP")	Investment holding	100.0	100.0	
	TCCMOLI Holdings (Singapore) Pte. Ltd. (TCCMOLI)	Investment holding	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	
	HPC Power Services Corporation	Business consulting	60.0	60.0	
	E.G.C. Cement Corporation	Sale of cement	50.6	50.6	
	Feng Sheng Enterprise Company Limited	Sale of ready-mixed concrete	45.4	45.4	3)
	Trans Philippines Mineral Corporation ("TPMC")	Mining excavation	40.0	40.0	3)
	Taicorn Minerals Corporation ("TMC")	Mining excavation	72.7	72.7	
	Ta-Ho RSEA Environment Co., Ltd.	Waste collection and treatment	66.6	66.6	
	Ho Sheng Mining Co., Ltd.	Mining excavation and sale of limestone	100.0	100.0	
	TCC International Holdings Ltd. ("TCCIH")	Investment holding	38.3	38.3	
	Taiwan Cement (Dutch) Holdings B.V.	Investment holding	100.0	100.0	
	TCC Sustainable Energy Investment Corporation	Investment holding	100.0	-	4)
	TCC Energy Storage Technology Corporation	Energy storage equipment manufacturing, production and sales	100.0	-	4)
Taiwan Transport & Storage Corporation	E.G.C. Cement Corporation	Sale of cement	49.4	49.4	
	Ta-Ho Maritime Corporation	Marine transportation	29.2	29.2	1)
	Tai-Jie Transport & Storage Corporation	Transportation	100.0	100.0	
TCC Investment Corporation	Union Cement Traders Inc.	Import and export trading	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	0.5	0.5	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.2	0.2	3)
	Ta-Ho Maritime Corporation	Marine transportation	-	-	
HKCMCL	TCC Development Ltd.	Property leasing	100.0	100.0	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Investment	100.0	100.0	

(Continued)



Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31 2020	December 31 2019	
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Investment	100.0	100.0	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	2.3	2.3	3)
TCCI	TCCIH	Investment holding	61.7	61.7	
TPMC	TMC	Mining excavation	18.2	18.2	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	0.7	0.7	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Renewable energy generation	100.0	100.0	
TCC Green Energy Corporation	Chang-Wang Wind Power Co., Ltd.	Renewable energy generation	100.0	100.0	
	TCC Nan-Chung Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Kao-Cheng Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Chang-Ho Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Chia-Chien Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Yun-Kai Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Lien-Hsin Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Ping-Chih Green Energy Corporation	Renewable energy generation	100.0	100.0	
	Chia-Ho Green Energy Corporation	Renewable energy generation	100.0	-	4)
Ta-Ho Maritime Holdings Ltd.	Ta-Ho Maritime (Hong Kong) Limited	Marine transportation	100.0	100.0	
	THC International S.A.	Marine transportation	100.0	100.0	1)
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	
Taicem Information (Samoa) Pte., Ltd.	Fuzhou TCC Information Technology Co., Ltd.	Software product and equipment maintenance	100.0	100.0	
Ta-Ho Maritime (Hong Kong) Limited	Da Tong (Guigang) International Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	
Da Tong (Guigang) International Logistics Co., Ltd.	Da Tong (Ying De) Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	
TCCIH	Guigang Da-Ho Shipping Co., Ltd.	Marine transportation	100.0	100.0	
	Chia Hsin Cement Greater China Holding Corp. ("CHCGC")	Investment holding	-	100.0	2)
	Upper Value Investment Limited	Investment holding	100.0	100.0	
	Upper Value Investments Ltd. ("UPPV")	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	
	Ulexite Investments Ltd.	Investment holding	100.0	100.0	
Upper Value Investment Limited	Prime York Ltd.	Investment holding	100.0	100.0	
	Prosperity Minerals (International) Ltd.	Investment holding	100.0	100.0	
TCC Hong Kong Cement (BVI) Holdings Ltd.	TCC Hong Kong Cement Development Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement ("QHC") Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (Yargoan) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement ("HKC") Ltd.	Investment holding	-	100.0	2)
	TCC Hong Kong Cement (Philippines) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (International) Ltd.	Investment holding	100.0	100.0	
	Hong Kong Cement Company Limited ("HKCCL")	Sale of cement	100.0	100.0	
TCC Hong Kong Cement (QHC) Ltd.	Chiefolk Company Ltd.	Investment holding	70.0	70.0	
Chiefolk Company Ltd.	TCC International (Liuzhou) Ltd.	Investment holding	100.0	100.0	
TCC International (Liuzhou) Ltd.	TCC Liuzhou Company Ltd.	Investment holding	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			2020	2019	
TCC Liuzhou Company Ltd.	TCC Liuzhou Construction Materials Co., Ltd.	Manufacturing and sale of slag powder	60.0	60.0	
TCC Hong Kong Cement (Philippines) Ltd.	TCC Cement Corp.	Cement processing services	100.0	100.0	
TCC Hong Kong Cement (International) Ltd.	TCC International (Hong Kong) Co., Ltd. ("TCCI (HK)")	Investment holding	100.0	100.0	
TCCI (HK)	TCC Guigang Mining Industrial Company Limited	Mining excavation	52.5	52.5	
	Jiangsu TCC Investment Co., Ltd.	Investment holding	100.0	100.0	
	Jingyang Industrial Limited	Investment holding	100.0	100.0	
	TCC International (Guangxi) Ltd.	Investment holding	100.0	100.0	
	TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	48.9	48.9	
	TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Jiangsu Mining Industrial Company Limited	Mining excavation	100.0	100.0	
	TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	100.0	100.0	
	TCC (Dong Guan) Cement Company Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	31.0	100.0	5)
Jiangsu TCC Investment Co., Ltd.	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	21.5	21.5	
	Jurong TCC Environmental Co., Ltd.	Dangerous waste treatment	21.5	-	4)
Jingyang Industrial Limited	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	78.5	78.5	
	Jurong TCC Environmental Co., Ltd.	Dangerous waste treatment	78.5	-	4)
TCC International (Guangxi) Ltd.	TCC (Gui Gang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC (Hangzhou) Recycle Resource Technology Limited	Recycle Resource technology development, business management and sales	82.1	-	4) 7)
TCC (Gui Gang) Cement Ltd.	TCC Huaying Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	TCC Guigang Mining Industrial Company Limited	Mining excavation	47.5	47.5	
	Guigang TCC DongYuan Environmental Technology Company Limited	Dangerous waste treatment	100.0	95.2	8)
	TCC (Hangzhou) Recycle Resource Technology Limited	Recycle Resource technology development, business management and sales	17.9	-	4) 7)
TCC Yingde Cement Co., Ltd.	TCC Yingde Mining Industrial Company Limited	Mining excavation	34.8	34.8	
	Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	25.0	25.0	
	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Beijing TCC Environmental Technology Co., Ltd.	Technology development, enterprise management and sales	100.0	100.0	
	TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Environmental protection, cement and enterprise management consulting	100.0	100.0	
TCC Jiangsu Mining Industrial Company Limited	TCC Yingde Mining Industrial Company Limited	Mining excavation	16.3	16.3	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2020	2019	
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	TCC Huaihua Concrete Company Limited	Sale of ready-mixed concrete	100.0	100.0	
UPPV	Wayly Holdings Limited.	Investment holding	100.0	100.0	
	TCC International (China) Co., Ltd.	Investment holding	100.0	100.0	
	Kong On Cement Holdings Ltd.	Investment holding	65.0	65.0	
	Mega East Ltd.	Investment holding	100.0	100.0	
	Prosperity Minerals (China) Limited.	Investment holding	100.0	100.0	
	Sure Kit Ltd.	Investment holding	100.0	100.0	
	Hensford Ltd.	Investment holding	100.0	100.0	
	Kiton Ltd.	Investment holding	100.0	100.0	
	Prosperity Cement Investment Ltd.	Investment holding	100.0	100.0	
	Scitus Cement (China) Holdings Ltd. (“Scitus Holdings”)	Investment holding	100.0	100.0	
Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC International (China) Co., Ltd.	TCC New (Hangzhou) Management Company Limited	Operation management	100.0	100.0	
Kong On Cement Holdings Ltd.	Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Mega East Ltd.	Guangan Changxing Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	6)
Sure Kit Ltd.	TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Kiton Ltd.	TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Prosperity Cement Investment Ltd.	Yingde Dragon Mountain Cement Co, Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	100.0	100.0	
TCC New (Hangzhou) Management Company Limited	Kaili TCC Environment Technology Co., Ltd.	Waste collection and treatment	100.0	100.0	
Scitus Holdings	Scitus Cement (China) Operating Co., Ltd.	Investment holding	100.0	100.0	
	Hexagon XIV Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon XIII Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon IX Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon VIII Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon V Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon IV Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon III Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon II Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon Holdings Ltd.	Investment holding	100.0	100.0	
Hexagon IX Holdings Ltd.	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon IV Holdings Ltd.	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon III Holdings Ltd.	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon XIV Holdings Ltd.	Scitus Luzhou Concrete Co., Ltd.	Sales of ready-mixed concrete	75.0	75.0	
Scitus Luzhou Cement Co., Ltd.	TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	Technology development, enterprise management and sales	55.0	55.0	
Jurong TCC Cement Co., Ltd.	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	69.0	-	5)

(Concluded)

Remarks:

- 1) The Corporation purchased 0.2% equity of Taiwan Cement Engineering Corporation in 2020. The Corporation purchased shares of Taiwan Transport & Storage Corporation in 2020. The Corporation conducted a tender offer of 31.1% of the ordinary shares of Taiwan Prosperity Chemical Corporation in September 2020. Taiwan Transport & Storage Corporation purchased shares of Ta-Ho Maritime Corporation in 2020. In July 2019, the board of directors of Ta-Ho Maritime Holdings Ltd. resolved to increase its capital investment of THC International S.A. Refer to Note 26 for information relating to the aforementioned equity acquisition transaction.
  - 2) CHCGC and HKC had completed their dissolution in 2020.
  - 3) Although the Group's percentages of ownership in Feng Sheng Enterprise Company Limited, TPMC and Taiwan Prosperity Chemical Corporation for the year ended December 31, 2019 were less than 50%, the Group still has control over those entities. Thus, Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company Limited and TPMC are considered as subsidiaries of the Group.
  - 4) TCC Sustainable Energy Investment Corporation, TCC Energy Storage Technology Corporation, Chia-Ho Green Energy Corporation, TCC (Hangzhou) Recycle Resource Technology Limited and Jurong TCC Environmental Co., Ltd. were established in 2020. As of the date the consolidated financial statements were authorized for issue, TCC Green Energy invested \$150,000 thousand in TCC TUNG-LI Green Energy Corporation and completed the establishment registration.
  - 5) Jurong TCC Cement Co., Ltd invested in TCC Huaihua Cement Company Limited in 2020, and its percentage of ownership was increased to 69%. The original shareholder, TCCI (HK), did not simultaneously invest which resulted in decrease of the percentage of ownership to 31%.
  - 6) TCC Guangan Cement Company Limited changed its name to Guangan Changxing Cement Co., Ltd. in the fourth quarter of 2020.
  - 7) TCC (Hangzhou) Recycle Resource Technology Limited was originally expected to be held as 26.3% by TCC International (Guangxi) Limited and 73.7% by TCC (Guigang) Cement Ltd.. As of December 31, 2020, the capital increase had not been completed, and the shareholding was disclosed in accordance with the percentage of actual capital injection.
  - 8) Guigang TCC DongYuan Environmental Technology Company Limited was 95.2% owned by TCC (Guigang) Cement Ltd. at the end of 2019. In 2020, due to non-subscription by minority shareholders, TCC (Guigang) Cement Ltd.'s percentage of ownership in Guigang TCC DongYuan Environmental Technology Company Limited increased to 100%.
- b. Details of subsidiaries that have material non-controlling interests

	<b>Proportion of Ownership and Voting Rights Held by Non-controlling Interests</b>	
	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Taiwan Prosperity Chemical Corporation	26.4%	57.5%
Ho-Ping Power Company	40.0%	40.0%



The board of directors of the Corporation approved the tender offer of the ordinary shares of Taiwan Prosperity Chemical Corporation with \$18 per share in July 2020 and approved the share swap by cash for the acquisition of 100% shares of Taiwan Prosperity Chemical Corporation and the delisting of the shares of Taiwan Prosperity Chemical Corporation in accordance with the applicable laws and regulations in September 2020. As of December 31, 2020, the Corporation had conducted the tender offer of 31.1% of the ordinary shares. The proportion of the Group's ownership was 73.6% and the proportion of the non-controlling interests decreased to 26.4%. The date of the share swap of the remaining shares is set on January 18, 2021.

Refer to Table for the information on the places of incorporation and principal places of business.

The summarized financial information below represents amounts before intragroup eliminations.

Taiwan Prosperity Chemical Corporation

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current assets	\$ 4,699,229	\$ 3,888,222
Non-current assets	3,910,575	4,669,893
Current liabilities	(3,893,618)	(2,903,186)
Non-current liabilities	<u>(3,682,570)</u>	<u>(4,009,869)</u>
Equity	<u>\$ 1,033,616</u>	<u>\$ 1,645,060</u>
Equity attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ 760,847	\$ 699,344
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>272,769</u>	<u>945,716</u>
	<u>\$ 1,033,616</u>	<u>\$ 1,645,060</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue	<u>\$ 8,456,024</u>	<u>\$ 10,370,301</u>
Net loss for the year	\$ (483,459)	\$ (2,013,070)
Other comprehensive income (loss) for the year	<u>(128,198)</u>	<u>124,888</u>
Total comprehensive loss for the year	<u>\$ (611,657)</u>	<u>\$ (1,888,182)</u>
Loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ (180,487)	\$ (855,793)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>(302,972)</u>	<u>(1,157,277)</u>
	<u>\$ (483,459)</u>	<u>\$ (2,013,070)</u>
Total comprehensive loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ (233,218)	\$ (802,703)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>(378,439)</u>	<u>(1,085,479)</u>
	<u>\$ (611,657)</u>	<u>\$ (1,888,182)</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Net cash inflow (outflow) from:		
Operating activities	\$ 582,639	\$ (410,005)
Investing activities	(33,067)	(187,293)
Financing activities	<u>617,078</u>	<u>(714,919)</u>
Net cash inflow (outflow)	<u>\$ 1,166,650</u>	<u>\$ (1,312,217)</u> (Concluded)

Ho-Ping Power Company

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current assets	\$ 8,307,788	\$ 7,962,055
Non-current assets	28,361,144	29,913,098
Current liabilities	(2,749,424)	(5,278,137)
Non-current liabilities	<u>(3,197,644)</u>	<u>(3,388,757)</u>
Equity	<u>\$ 30,721,864</u>	<u>\$ 29,208,259</u>
Equity attributable to:		
Owners of Ho-Ping Power Company	\$ 18,429,651	\$ 17,521,488
Non-controlling interests of Ho-Ping Power Company	<u>12,292,213</u>	<u>11,686,771</u>
	<u>\$ 30,721,864</u>	<u>\$ 29,208,259</u>

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue	<u>\$ 14,119,957</u>	<u>\$ 14,402,352</u>
Net profit for the year	\$ 7,268,550	\$ 5,535,574
Other comprehensive income (loss) for the year	<u>29</u>	<u>(9,142)</u>
Total comprehensive income for the year	<u>\$ 7,268,579</u>	<u>\$ 5,526,432</u>
Profit attributable to:		
Owners of Ho-Ping Power Company	\$ 4,361,131	\$ 3,321,344
Non-controlling interests of Ho-Ping Power Company	<u>2,907,419</u>	<u>2,214,230</u>
	<u>\$ 7,268,550</u>	<u>\$ 5,535,574</u>
Total comprehensive income attributable to:		
Owners of Ho-Ping Power Company	\$ 4,361,147	\$ 3,315,859
Non-controlling interests of Ho-Ping Power Company	<u>2,907,432</u>	<u>2,210,573</u>
	<u>\$ 7,268,579</u>	<u>\$ 5,526,432</u> (Continued)

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Net cash inflow (outflow) from:		
Operating activities	\$ 9,800,045	\$ 7,836,324
Investing activities	(1,436,935)	(45,939)
Financing activities	<u>(8,093,594)</u>	<u>(7,065,521)</u>
Net cash inflow	<u>\$ 269,516</u>	<u>\$ 724,864</u>
Dividends paid to non-controlling interests of Ho-Ping Power Company	<u>\$ 2,301,903</u>	<u>\$ 2,000,000</u> (Concluded)

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Investments in associates	<u>\$ 50,133,844</u>	<u>\$ 47,631,870</u>
Material associates		
Cimpor Global Holdings B.V.	\$ 28,748,060	\$ 27,832,897
Associates that are not individually material		
Prosperity Conch Cement Company Limited	7,247,911	5,813,901
International CSRC Investment Holdings Co., Ltd.	6,249,094	6,286,309
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,742,842	1,700,788
TCC Recycle Energy Technology Company	1,726,025	1,806,253
CCC USA Corp.	1,679,436	1,724,538
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,140,060	1,117,517
ONYX Ta-Ho Environmental Services Co., Ltd.	815,179	818,277
Sichuan Taichang Building Material Group Company Limited	488,397	184,793
Hong Kong Concrete Co., Ltd.	151,692	179,471
Quon Hing Concrete Co., Ltd.	130,615	160,245
Synpac Ltd.	6,539	6,881
Guigang Conch-TCC New Material Technology Co., Ltd	4,065	-
Guangan TCC Jiuyuan Environmental Protection Technology Co., Ltd.	3,929	-
E-ONE Moli Energy Corporation	-	-
Shih Hsin Storage & Transportation Co., Ltd.	-	-
Chia Huan Tung Cement Corporation	-	-
	<u>\$ 50,133,844</u>	<u>\$ 47,631,870</u>

For the amounts of the Group's investments accounted for using the equity method provided as loan guarantees, refer to Note 31.

a. Material associates

	<u>Proportion of Ownership</u>	
	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Cimpor Global Holdings B.V.	40.0%	40.0%

Refer to Table for information on the nature of activities, principal place of business and country of incorporation of Cimpor Global Holdings B.V. and other investees.

Cimpor Global Holdings B.V (formerly known as Dutch OYAK TCC Holdings B.V.) is a joint venture company established by Taiwan Cement Dutch and Ordu Yardimlasma Kurumu in November 2018, and the Group obtained 40% of the equity of the joint venture company to indirectly acquire the cement investment projects in areas such as Turkey. These were subsequently completed at the end of October 2019, and the transaction price increased by \$227,626 thousand (included in other payables to related parties).

The financial information of material associates, which reflected the adjustments made when adopting the equity method of accounting, was summarized as follows:

Cimpor Global Holdings B.V.

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Current assets	\$ 21,428,951	\$ 16,806,980
Non-current assets	62,427,768	64,433,834
Current liabilities	(15,901,917)	(11,714,622)
Non-current liabilities	(12,355,266)	(14,600,541)
Non-controlling interests	<u>(9,159,987)</u>	<u>(9,735,582)</u>
Equity attributable to the Group	<u>\$ 46,439,549</u>	<u>\$ 45,190,069</u>
Proportion of the Group's ownership	40%	40%
Equity attributable to the Group	\$ 18,575,820	\$ 18,076,028
Goodwill	<u>10,172,240</u>	<u>9,756,869</u>
Carrying amounts	<u>\$ 28,748,060</u>	<u>\$ 27,832,897</u>
	<u>For the Year Ended December 31</u>	
	<b>2020</b>	<b>2019</b>
Operating revenue	<u>\$ 24,994,515</u>	<u>\$ 17,136,039</u>
Net income for the year	\$ 2,144,866	\$ 348,035
Other comprehensive loss	<u>(2,881,463)</u>	<u>(647,263)</u>
Total comprehensive loss for the year	<u>\$ (736,597)</u>	<u>\$ (299,228)</u>



b. Aggregate information of associates that are not individually material

	<b>Proportion of Ownership</b>	
	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Prosperity Conch Cement Company Limited	25.0%	25.0%
International CSRC Investment Holdings Co., Ltd. (Note 3)	19.2%	19.2%
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
TCC Recycle Energy Technology Company (Note 2)	29.7%	29.7%
CCC USA Corp.	33.3%	33.3%
BaoShen & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%
Sichuan Taichang Building Material Group Company Limited (Note 6)	30.0%	30.0%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%
Quon Hing Concrete Co., Ltd.	50.0%	50.0%
Synpac Ltd.	25.0%	25.0%
Guigang Conch-TCC New Material Technology Co., Ltd. (Note 4)	40.0%	-
Guangan TCC Jiuyuan Environmental Protection Technology Co., Ltd. (Note 5)	45.0%	-
Yingjing Xinan New material Co., Ltd. (Note 6)	30.0%	-
E-ONE Moli Energy Corporation (Notes 1 and 2)	-	-
Shih Hsin Storage & Transportation Co., Ltd. (Note 3)	-	-
Chia Huan Tung Cement Corporation (Note 3)	-	-
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
The Group's share of:		
Net income for the year	\$ 2,438,386	\$ 2,517,673
Other comprehensive loss	<u>(129,665)</u>	<u>(82,548)</u>
Total comprehensive income for the year	<u>\$ 2,308,721</u>	<u>\$ 2,435,125</u>

Note 1: The Group paid \$943,391 thousand to acquire the additional shares of E-ONE Moli Energy Corporation in January 2019, and its percentage of ownership decreased from 29.9% to 28.1% because the Group did not subscribe for new shares issued by its investee based on its percentage of ownership interest. The Group entered into a share swap agreement with TCC Recycle Energy Technology Company, refer to Note 2 for the details.

Note 2: The Group invested \$1,000 thousand for the establishment of TCC Recycling Energy Company in June 2019. TCC Recycle Energy Technology Company increased its capital in August 2019. As the Group invested \$340,200 thousand, which was based on its percentage of ownership, its percentage of ownership decreased from 100% to 32.5%. In August 2019, the board of directors of both TCC Recycle Energy Technology Company and E-ONE Moli Energy Corp. resolved to enter into a share swap agreement according to the Business Mergers and Acquisitions Act, under which TCC Recycle Energy Technology Company shall issue preferred shares A which are to be converted into ordinary shares of E-ONE Moli Energy Corp. at the ratio of 1:1. In the fourth quarter of 2019, the Group chose to fully convert the ordinary shares of E-ONE Moli Energy Corp. into the preferred shares A of TCC Recycling Energy Company with a book value of \$1,541,505 thousand, and converted them into ordinary shares at the ratio of 1:1 in accordance with the terms and conditions for the issuance of preferred shares. Thus, the Group's percentage of ownership in TCC Recycling Energy Company decreased from 32.5% to 29.7%.

- Note 3: The Group's ownership percentage in International CSRC Investment Holdings Co., Ltd. is less than 20%; however, the Group has significant influence and therefore accounts for the investment by using the equity method. In May 2019, HKC Investments Ltd. transferred the equity of Chia Huan Tung Cement Corporation amounting to \$25,002 thousand to Union Cement Traders Inc. Chia Huan Tung Cement Corporation was in the process of liquidation at the end of 2019, and \$38,088 thousand has been included in other receivables - related parties, loss on disposal was \$5,297 thousand, and liquidation was completed at the end of 2020. Shih Hsin Storage & Transportation Co., Ltd. was liquidated at the end of 2019 and the liquidation refund of \$41,191 thousand has been received. In addition, \$1,813 thousand was included in other receivables - related parties, loss on disposal was \$2,203 thousand, and liquidation was completed at the end of 2020.
- Note 4: The Group participated in the investment in Guigang Conch-TCC New Material Technology Co., Ltd. in 2020. The proportion of the Group's ownership was 40%, and the investment price was \$5,023 thousand.
- Note 5: The Group participated in the investment in Guangan TCC Jiuyuan Environmental Protection Technology Co., Ltd. in 2020. The proportion of the Group's ownership was 45%, and the investment price was \$3,731 thousand.
- Note 6: Sichuan Taichang Building Material Group Company Limited has adjusted its internal organizational structure and transferred its 30% equity interest in Yingjing Company to the consolidated company. The Group generated a credit balance for the equity method of investment due to the recognition of the investment loss of Yingjing Company. It was recognized by the Group under other non-current liabilities \$167,446 thousand on December 31, 2020.

The Group holds less than 50% of the issued share capital of some associates, but it is the single largest shareholder. Considering the voting rights of the other shareholders, the shareholding spread is not significant. Therefore, the Group is not in a position to dominate certain company-related activities and therefore has no control over them. The Group's management considers that it does exercise significant influence over those companies; thus, the Group accounts for them as associates and adopts equity method of accounting.

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 were based on the associates' audited financial statements for the same years then ended except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considered that there would be no significant adjustments if such financial statements were to be audited.

#### 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 20,665,249	\$ 49,617,176	\$ 93,508,387	\$ 12,720,984	\$ 5,296,642	\$ 181,808,438
Additions	11,277	119,256	1,079,643	4,530,745	2,486,059	8,226,980
Disposals	-	(283,142)	(551,950)	(2,329,013)	(25,402)	(3,189,507)
Reclassification	-	193,802	798,928	161,848	(1,111,047)	43,531
Effects of exchange rate changes	-	(1,185,594)	(1,915,847)	(152,765)	(129,873)	(3,384,079)
Balance at December 31, 2019	<u>\$ 20,676,526</u>	<u>\$ 48,461,498</u>	<u>\$ 92,919,161</u>	<u>\$ 14,931,799</u>	<u>\$ 6,516,379</u>	<u>\$ 183,505,363</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2019	\$ 274,188	\$ 16,786,251	\$ 63,935,522	\$ 9,636,947	\$ 81,705	\$ 90,714,613
Disposals	-	(69,083)	(400,424)	(2,035,170)	-	(2,504,677)
Depreciation expenses	-	1,449,595	4,467,167	273,275	-	6,190,037
Impairment losses	-	55,914	580,062	138,808	-	774,784
Reclassification	-	778	650	(1,428)	-	-
Effects of exchange rate changes	-	(364,671)	(1,134,445)	(48,689)	(2,908)	(1,550,713)
Balance at December 31, 2019	<u>\$ 274,188</u>	<u>\$ 17,858,784</u>	<u>\$ 67,448,532</u>	<u>\$ 7,963,743</u>	<u>\$ 78,797</u>	<u>\$ 93,624,044</u>
Carrying amounts at December 31, 2019	<u>\$ 20,402,338</u>	<u>\$ 30,602,714</u>	<u>\$ 25,470,629</u>	<u>\$ 6,968,056</u>	<u>\$ 6,437,582</u>	<u>\$ 89,881,319</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 20,676,526	\$ 48,461,498	\$ 92,919,161	\$ 14,931,799	\$ 6,516,379	\$ 183,505,363
Additions	2,069,883	223,780	1,426,047	458,863	3,424,908	7,603,481
Disposals	(18,843)	(34,917)	(846,546)	(323,847)	-	(1,224,153)
Reclassification	1,383,983	270,425	1,469,518	135,124	(2,272,981)	986,069
Effects of exchange rate changes	-	470,363	804,422	(131,103)	74,876	1,218,558
Balance at December 31, 2020	<u>\$ 24,111,549</u>	<u>\$ 49,391,149</u>	<u>\$ 95,772,602</u>	<u>\$ 15,070,836</u>	<u>\$ 7,743,182</u>	<u>\$ 192,089,318</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ 274,188	\$ 17,858,784	\$ 67,448,532	\$ 7,963,743	\$ 78,797	\$ 93,624,044
Disposals	-	(27,222)	(750,860)	(279,877)	-	(1,057,959)
Depreciation expenses	-	1,356,231	4,028,862	635,287	-	6,020,380
Impairment losses	-	36,094	65,205	-	-	101,299
Reclassification	534,716	-	-	(280)	-	534,436
Effects of exchange rate changes	-	177,851	570,328	8,870	1,097	758,146
Balance at December 31, 2020	<u>\$ 808,904</u>	<u>\$ 19,401,738</u>	<u>\$ 71,362,067</u>	<u>\$ 8,327,743</u>	<u>\$ 79,894</u>	<u>\$ 99,980,346</u>
Carrying amounts at December 31, 2020	<u>\$ 23,302,645</u>	<u>\$ 29,989,411</u>	<u>\$ 24,410,535</u>	<u>\$ 6,743,093</u>	<u>\$ 7,663,288</u>	<u>\$ 92,108,972</u>

(Concluded)

The Group assessed that the related products of the chemical segment were affected by changes in market demand, and the sales were below expectation; therefore, at the end of 2020 and 2019, respectively, they recognized an impairment loss of \$51,656 thousand and \$700,302 thousand, respectively. The Group applied value in use to measure the recoverable amount of such equipment, and the discount rate before tax used were 18.21% and 17.3%, respectively.

For the years ended December 31, 2020 and 2019, the Group recognized impairment losses of \$49,643 thousand and \$74,482 thousand, respectively, after assessing that the recoverable amounts of part of its property, plant and equipment were zero due to factors such as idling as a result of decrease in market demand or natural disasters.

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

Buildings	
Main buildings	30-60 years
Main plants	16-50 years
Storage units	10-50 years
Others	20-50 years
Machinery and equipment	2-28 years
Miscellaneous equipment	2-20 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

Acquisitions of property, plant and equipment included non-cash items and were reconciled as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Acquisitions of property, plant and equipment	\$ 7,603,481	\$ 8,226,980
Increase in prepayments for equipment	1,879,881	446,845
Decrease (increase) in payables for equipment	<u>89,079</u>	<u>(472,030)</u>
	<u>\$ 9,572,441</u>	<u>\$ 8,201,795</u>

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amounts</u>		
Land (Note)	\$ 12,538,669	\$ 11,704,843
Buildings	658,456	808,408
Machinery	200,348	172,103
Other	<u>53,652</u>	<u>48,932</u>
	<u>\$ 13,451,125</u>	<u>\$ 12,734,286</u>

Note: The Group applied IFRS 16 “Lease” since 2019 and recognized prepaid lease payments for land use rights of lands located in China under right-of-use assets.

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 1,365,883</u>	<u>\$ 4,352,126</u>
Depreciation charge for right-of-use assets		
Land	\$ 519,581	\$ 426,081
Buildings	159,217	161,092
Machinery	103,135	92,275
Other	<u>21,075</u>	<u>18,059</u>
	<u>\$ 803,008</u>	<u>\$ 697,507</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2020 and 2019.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amounts</u>		
Current	<u>\$ 315,451</u>	<u>\$ 416,346</u>
Non-current	<u>\$ 1,978,361</u>	<u>\$ 2,073,806</u>



Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Land	1.79%-4.90%	1.79%-4.90%
Buildings	1.79%-4.75%	1.79%-4.75%
Machinery	1.21%-2.05%	1.21%-2.00%
Other	1.76%-4.75%	1.76%-4.75%

c. Material lease-in activities and terms

The Group leases certain land and buildings for use as plants and offices. The Group does not have bargain purchase options to acquire the leased premises at the end of the lease terms.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	<u>\$ 1,032,479</u>	<u>\$ 1,208,205</u>
Expenses relating to low-value asset leases	<u>\$ 1,698</u>	<u>\$ 622</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 218,917</u>	<u>\$ 203,057</u>
Total cash outflow for leases	<u>\$ (1,715,488)</u>	<u>\$ (1,657,786)</u>

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

## 16. INVESTMENT PROPERTIES

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2019	\$ 6,806,831	\$ 1,362,550	\$ 8,169,381
Effects of exchange rate changes	-	(491)	(491)
Balance at December 31, 2019	<u>\$ 6,806,831</u>	<u>\$ 1,362,059</u>	<u>\$ 8,168,890</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 1,081,587	\$ 743,334	\$ 1,824,921
Depreciation expenses	-	21,943	21,943
Effects of exchange rate changes	-	(183)	(183)
Balance at December 31, 2019	<u>\$ 1,081,587</u>	<u>\$ 765,094</u>	<u>\$ 1,846,681</u>
Carrying amounts at December 31, 2019	<u>\$ 5,725,244</u>	<u>\$ 596,965</u>	<u>\$ 6,322,209</u>

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2020	\$ 6,806,831	\$ 1,362,059	\$ 8,168,890
Reclassification	(1,383,983)	-	(1,383,983)
Effects of exchange rate changes	<u>-</u>	<u>(1,201)</u>	<u>(1,201)</u>
Balance at December 31, 2020	<u>\$ 5,422,848</u>	<u>\$ 1,360,858</u>	<u>\$ 6,783,706</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 1,081,587	\$ 765,094	\$ 1,846,681
Depreciation expenses	-	20,770	20,770
Reclassification	(534,716)	-	(534,716)
Effects of exchange rate changes	<u>-</u>	<u>(463)</u>	<u>(463)</u>
Balance at December 31, 2020	<u>\$ 546,871</u>	<u>\$ 785,401</u>	<u>\$ 1,332,272</u>
Carrying amounts at December 31, 2020	<u>\$ 4,875,977</u>	<u>\$ 575,457</u>	<u>\$ 5,451,434</u> (Concluded)

The buildings of the investment properties are depreciated over their estimated useful lives of 50 years, using the straight-line method.

The fair values of the investment properties were determined by independent qualified professional valuers or the Group's management using market prices of similar properties. As of December 31, 2020 and 2019, the fair values of investment properties were \$13,495,806 thousand and \$14,859,809 thousand, respectively.

The investment properties pledged as collateral for bank borrowings are set out in Note 31.

## 17. INTANGIBLE ASSETS

	<b>Goodwill</b>	<b>Operational Concession</b>	<b>Mining Rights</b>	<b>Others</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2019	\$ 11,988,345	\$ 7,681,476	\$ 3,199,099	\$ 1,194,509	\$ 24,063,429
Additions	-	-	95,248	11,013	106,261
Effects of exchange rate changes	<u>(384,835)</u>	<u>-</u>	<u>(109,738)</u>	<u>(14,528)</u>	<u>(509,101)</u>
Balance at December 31, 2019	<u>\$ 11,603,510</u>	<u>\$ 7,681,476</u>	<u>\$ 3,184,609</u>	<u>\$ 1,190,994</u>	<u>\$ 23,660,589</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2019	\$ 156,000	\$ 1,057,777	\$ 1,358,627	\$ 1,063,673	\$ 3,636,077
Amortization expenses	-	151,111	220,988	58,179	430,278
Effects of exchange rate changes	<u>-</u>	<u>-</u>	<u>(49,671)</u>	<u>(12,213)</u>	<u>(61,884)</u>
Balance at December 31, 2019	<u>\$ 156,000</u>	<u>\$ 1,208,888</u>	<u>\$ 1,529,944</u>	<u>\$ 1,109,639</u>	<u>\$ 4,004,471</u>
Carrying amounts at December 31, 2019	<u>\$ 11,447,510</u>	<u>\$ 6,472,588</u>	<u>\$ 1,654,665</u>	<u>\$ 81,355</u>	<u>\$ 19,656,118</u> (Continued)

	Goodwill	Operational Concession	Mining Rights	Others	Total
<u>Cost</u>					
Balance at January 1, 2020	\$ 11,603,510	\$ 7,681,476	\$ 3,184,609	\$ 1,190,994	\$ 23,660,589
Additions	-	-	29,675	16,976	46,651
Reclassification	-	-	80,429	281	80,710
Effects of exchange rate changes	<u>181,268</u>	<u>-</u>	<u>40,865</u>	<u>(5,082)</u>	<u>217,051</u>
Balance at December 31, 2020	<u>\$ 11,784,778</u>	<u>\$ 7,681,476</u>	<u>\$ 3,335,578</u>	<u>\$ 1,203,169</u>	<u>\$ 24,005,001</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2020	\$ 156,000	\$ 1,208,888	\$ 1,529,944	\$ 1,109,639	\$ 4,004,471
Amortization expenses	-	151,111	213,378	56,436	420,925
Effects of exchange rate changes	<u>-</u>	<u>-</u>	<u>20,533</u>	<u>(4,888)</u>	<u>15,645</u>
Balance at December 31, 2020	<u>\$ 156,000</u>	<u>\$ 1,359,999</u>	<u>\$ 1,763,855</u>	<u>\$ 1,161,187</u>	<u>\$ 4,441,041</u>
Carrying amounts at December 31, 2020	<u>\$ 11,628,778</u>	<u>\$ 6,321,477</u>	<u>\$ 1,571,723</u>	<u>\$ 41,982</u>	<u>\$ 19,563,960</u>

(Concluded)

The above items of intangible assets with finite useful lives are amortized on a straight-line basis over their useful lives as follows:

Operational concession	50 years
Mining rights	30-50 years
Others	3-17 years

## 18. BORROWINGS

### a. Short-term loans

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Secured borrowings		
Bank loans	<u>\$ 100,000</u>	<u>\$ 150,000</u>
Unsecured borrowings		
Bank loans - unsecured	33,867,794	29,899,542
Bank loans - letters of credit	<u>707,660</u>	<u>395,506</u>
	<u>34,575,454</u>	<u>30,295,048</u>
	<u>\$ 34,675,454</u>	<u>\$ 30,445,048</u>
Interest rate	0.62%-1.15%	0.82%-4.35%

### b. Short-term bills payable

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Commercial paper	\$ 6,250,000	\$ 5,880,000
Less: Unamortized discount on bills payable	<u>2,971</u>	<u>4,602</u>
	<u>\$ 6,247,029</u>	<u>\$ 5,875,398</u>
Interest rate	0.85%-1.15%	0.96%-1.24%

c. Long-term loans and long-term bills payable

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Secured borrowings	\$ 5,278,160	\$ 4,112,790
Unsecured borrowings	<u>24,525,321</u>	<u>28,064,383</u>
	29,803,481	32,177,173
Less: Current portions	<u>4,805,000</u>	<u>1,624,138</u>
	<u>\$ 24,998,481</u>	<u>\$ 30,553,035</u>
Long-term bills payable	\$ 5,000,000	\$ 11,828,000
Less: Discount on long-term bills payable	<u>8,673</u>	<u>27,034</u>
	<u>\$ 4,991,327</u>	<u>\$ 11,800,966</u>
Interest rate - long-term bank loans	1.01%-1.89%	1.40%-2.90%
Interest rate - long-term bills payable	1.19%	1.32%-1.50%

Long-term loans consist of unsecured borrowings, secured borrowings and earmarked loans. The principals of long-term unsecured and secured borrowings are due in September 2027, and the interests are paid monthly. The principals of earmarked loans are due in December 2025, and the interests are paid monthly or quarterly.

The long-term bills payable is a commercial promissory note signed in 2018 with the banking group for a five-year period, which will be repaid at the expiration of the contract.

According to the syndicated loan agreement, if the subsidiary, Taiwan Prosperity Chemical Corporation, fails to meet the financial ratio requirements based on the financial data in the semi-annual or annual financial reports, the Corporation should improve its financial ratios within 6 months from the public announcement date of the semi-annual or annual financial reports; if an improvement is made within the aforementioned period, the Corporation would not be deemed as violating the financial covenants. The Corporation violated the above financial ratio requirements in 2019, but it has obtained a waiver from the credit bank in May 2020 to be exempt from the above-mentioned violation of financial ratio requirements, as well as from reviewing the Corporation's relevant financial ratios based on its financial reports from 2019 to 2021.

Except as stated above, the Group did not violate the financial covenants of other long-term loans and long-term bills payable.

## 19. BONDS PAYABLE

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Domestic unsecured bonds	\$ 44,600,000	\$ 24,600,000
Less: Discount on bonds payable	<u>83,620</u>	<u>55,240</u>
	<u>44,516,380</u>	<u>24,544,760</u>
Overseas unsecured convertible bonds	10,308,070	12,663,477
Less: Discount on bonds payable	<u>927,080</u>	<u>1,508,459</u>
	<u>9,380,990</u>	<u>11,155,018</u>
	<u>\$ 53,897,370</u>	<u>\$ 35,699,778</u>



On September 16, 2020, the board of directors of the Corporation resolved to issue domestic unsecured bonds which have the face value of no more than NT\$10,000,000 thousand or issue overseas unsecured bonds which have the face value of no more than US\$330,000 thousand. The above plans can be executed alternatively or both. As of the date the consolidated financial statements were authorized for issue, the Corporation has not issued any of the abovementioned bonds.

On September 16, 2020, the board of directors of the Corporation resolved to issue domestic green or social responsibility unsecured bonds at the price not exceeding NT\$15,000,000 thousand (or its equivalent in US dollars) denominated in TWD or USD; issue overseas green or social responsibility unsecured bonds denominated in USD; or deal overseas private placement of green or social responsibility unsecured bonds. The above plans can be executed alternatively or all at the same time. As of the date the consolidated financial statements were authorized for issue, the Corporation has not issued any of the abovementioned bonds.

a. Domestic unsecured bonds

The Corporation issued domestic unsecured bonds at par value in the aggregate amount of NT\$12,000,000 thousand on June 21, 2018, with a fixed coupon rate of 1.7% per annum. The bonds have a maturity period of 15 years, and a one-off payment of principal should be made in full on June 21, 2033 and with interest paid annually.

The Corporation issued domestic unsecured bonds at par value in the aggregate amount of NT\$12,600,000 thousand on June 14, 2019, with a fixed coupon rate of 0.85% per annum. The bonds have a maturity period of 5 years, and a one-off payment of principal should be made in full on June 14, 2024 and with interest paid annually.

The Corporation issued domestic unsecured bonds at par value in the aggregate amount of \$20,000,000 thousand on April 15, 2020. According to the issuance conditions, the unsecured bonds are classified into bonds A and bonds B, with a fixed coupon rate of 0.69% and 0.93% per annum, and with the issuance amounts of \$5,200,000 thousand and \$14,800,000 thousand, respectively. The bonds will be repaid in a one-off payment on April 15, 2027 and April 15, 2035, respectively, while the interests will be paid annually.

b. Overseas unsecured convertible bonds

In June 2018, the Corporation's board of directors resolved to issue overseas unsecured convertible bonds for the first time. This proposal was approved and became effective under the letter issued by the Financial Supervisory Commission ("FSC") dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 10703258532). The bonds which have durations of 5 years were listed on the Singapore Stock Exchange on December 10, 2018. This zero-coupon overseas convertible bonds have a face value of US\$400,000 thousand.

Bondholders may request the Corporation to convert the bonds into the Corporation's ordinary shares at the price of NT\$41 per share at any time within the period from the following day after three months from the issuance date to 10 days prior to maturity date. The conversion price after the issuance of convertible corporate bonds will be adjusted according to the anti-dilution clause of the 2018 First Overseas Unsecured Convertible Bonds Issuance and Conversion Rules of the Corporation. The conversion price have been adjusted from NT\$41 per share to NT\$35.49 per share and from NT\$35.49 per share to NT\$31.93 per share since August 19, 2019 and August 18, 2020, i.e. the ex-dividend date. Bondholders can request the Corporation to convert the bonds at the fixed exchange rate of US\$1= NT\$30.878, which is to be divided by the conversion price per share on the conversion date. As of the December 31, 2020, a total of 71,755 thousand shares had been converted.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 3.27% per annum on initial recognition.

	<b>December 31, 2020</b>
Proceeds from issuance (less transaction costs of \$103,353 thousand)	\$ 12,247,847
Redemption of option derivatives (accounting for financial liabilities measured at FVTPL) and transaction costs	(159,222)
Equity component (less transaction costs allocated to the equity component of \$11,038 thousand)	<u>(1,308,070)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$90,971 thousand)	10,780,555
Interest charged at an effective interest rate of 3.27%	<u>20,294</u>
Liability component at December 31, 2018	10,800,849
Interest charged at an effective interest rate of 3.27%	<u>354,169</u>
Liability component at December 31, 2019	11,155,018
Interest charged at an effective interest rate of 3.27%	358,292
Convertible bonds converted to ordinary shares (71,755 thousand shares has been converted)	<u>(2,132,320)</u>
Liability component at December 31, 2020	<u>\$ 9,380,990</u>

## 20. OTHER PAYABLES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Salaries and bonuses payable	\$ 2,583,574	\$ 2,622,388
Deposits and retention money	1,126,321	988,210
Taxes payable	869,035	1,332,528
Payables for equipment	845,305	940,080
Payables for electricity	468,672	422,941
Freight payables	387,098	388,269
Interest payable	348,060	248,728
Others	<u>4,033,564</u>	<u>4,047,467</u>
	<u>\$ 10,661,629</u>	<u>\$ 10,990,611</u>

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

The employees of the Corporation's subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China. These subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plan

The defined benefit plan adopted by the Corporation and its subsidiaries in the Republic of China, which is in accordance with the Labor Standards Law, is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to a specified percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligation	\$ (1,065,946)	\$ (1,109,834)
Fair value of plan assets	<u>2,565,126</u>	<u>2,446,775</u>
	<u>\$ 1,499,180</u>	<u>\$ 1,336,941</u>
Net defined benefit asset	<u>\$ 1,572,025</u>	<u>\$ 1,434,342</u>
Net defined benefit liability	<u>\$ 72,845</u>	<u>\$ 97,401</u>

Movements in net defined benefit asset were as follows:

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Asset</b>
Balance at January 1, 2019	<u>\$ (1,114,251)</u>	<u>\$ 1,903,384</u>	<u>\$ 789,133</u>
Service costs			
Current service costs	(6,890)	-	(6,890)
Net interest income (expense)	<u>(11,212)</u>	<u>19,087</u>	<u>7,875</u>
Recognized in profit or loss	<u>(18,102)</u>	<u>19,087</u>	<u>985</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	451,400	451,400
Actuarial loss - changes in demographic assumptions	(967)	-	(967)
Actuarial loss - changes in financial assumptions	(31,822)	-	(31,822)
Actuarial loss - experience adjustments	<u>(15,721)</u>	<u>-</u>	<u>(15,721)</u>
Recognized in other comprehensive income (loss)	<u>(48,510)</u>	<u>451,400</u>	<u>402,890</u>
Contributions from the employer	-	143,905	143,905
Benefits paid	71,001	(71,001)	-
Others	<u>28</u>	<u>-</u>	<u>28</u>
Balance at December 31, 2019	<u>(1,109,834)</u>	<u>2,446,775</u>	<u>1,336,941</u>

(Continued)

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Asset</b>
Service costs			
Current service costs	\$ (5,336)	\$ -	\$ (5,336)
Net interest income (expense)	<u>(7,344)</u>	<u>15,610</u>	<u>8,266</u>
Recognized in profit or loss	<u>(12,680)</u>	<u>15,610</u>	<u>2,930</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	156,394	156,394
Actuarial loss - changes in demographic assumptions	(52)	-	(52)
Actuarial loss - changes in financial assumptions	(22,691)	-	(22,691)
Actuarial loss - experience adjustments	<u>(7,654)</u>	<u>-</u>	<u>(7,654)</u>
Recognized in other comprehensive income (loss)	<u>(30,397)</u>	<u>156,394</u>	<u>125,997</u>
Contributions from the employer	-	30,613	30,613
Benefits paid	84,266	(84,266)	-
Others	<u>2,699</u>	<u>-</u>	<u>2,699</u>
Balance at December 31, 2020	<u>\$ (1,065,946)</u>	<u>\$ 2,565,126</u>	<u>\$ 1,499,180</u> (Concluded)

Through the defined benefit plan under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rates	0.38%-0.50%	0.63%-0.88%
Long-term average rates of salary increase	1.50%-2.25%	1.50%-2.25%



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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rates		
0.25% increase	<u>\$ (21,483)</u>	<u>\$ (22,965)</u>
0.25% decrease	<u>\$ 22,160</u>	<u>\$ 23,716</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 21,406</u>	<u>\$ 22,955</u>
0.25% decrease	<u>\$ (20,865)</u>	<u>\$ (22,346)</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
The expected contributions to the plan for the next year	<u>\$ 13,756</u>	<u>\$ 12,600</u>
The average duration of the defined benefit obligation	7-13 years	7-13 years

## 22. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares authorized (in thousands)	<u>7,000,000</u>	<u>7,000,000</u>
Shares authorized	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>5,741,401</u>	<u>5,465,619</u>
Shares issued	<u>\$ 57,414,007</u>	<u>\$ 54,656,192</u>

A holder of issued ordinary shares with par value of NT\$10 is entitled to the proportional rights to vote and to receive dividends. The authorized include common shares and preferred shares containing 60,000 thousand units retained for the exercise of employee share options.

The Corporation's shareholders resolved to distribute share dividends of \$2,728,810 thousand and \$3,575,593 thousand in June 2020 and 2019, respectively, which were approved by the FSC. The subscription base dates were August 18, 2020 and August 19, 2019 as determined by the board of directors.

The Corporation changes in the number of issued shares included the conversion of convertible bonds and the distribution of share dividends.

2) Preference shares

In June 2018, the Corporation's board of directors resolved to increase cash capital by issuing preference shares for the second time, which was approved by the FSC under letter dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 1070325853), and the record date of capital increase was determined as of December 13, 2018, it was expected to issue 200,000 thousand shares with a face value of \$10 per share at the issue price of NT\$50 per share, with 3.5% coupon per annum (based on a five-year term 0.9375% IRS interest rate + 2.5625% fixed interest rate). Five-year term IRS interest rate will be reset on the next business day of the expiry of the five-year period from the date of issue and every five years thereafter. The shareholders of the second preference shares do not have the right to vote and to elect in the shareholders meeting but can be elected as directors. The Corporation has full discretion on the dividend distribution of the second preference shares. If there is no surplus or insufficient surplus to pay the preference share dividends upon the close of current fiscal year, the Corporation's resolution to cancel the distribution of preference share dividends will not constitute an event of default or a termination event in a contract. Preference share dividends are non-accumulative, and dividends that are not distributed or distributed in excess are not accumulated in the future year with deferred annual repayment. There is no maturity of the Corporation's second preference shares, but the Corporation may recover whole or part of the second preference shares at the actual issue price from the day following the five-year period from the issue date. The preference shares may not be converted to ordinary shares, and the preference shareholders do not have the rights to require the Corporation to redeem the preference shares they hold.

3) Certificate of entitlement to new shares form convertible bonds

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares requested for conversion but change in registration has not yet been completed (in thousands)	<u>68,854</u>	<u>-</u>
Shares requested for conversion but change in registration has not yet been completed (in thousands)	<u>\$ 688,542</u>	<u>\$ -</u>

The Corporation would complete the related corporate registrations after the issuance of new stocks on the base date of capital increase in accordance with the regulations.

b. Capital surplus

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Issuance of ordinary shares	\$ 44,176,367	\$ 44,176,367
Conversion of bonds	3,174,361	1,520,632
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	22,400	466,784
Treasury share transactions	204,691	204,127
Donations	31,537	31,537
		(Continued)

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>May only be used to offset a deficit (Note 2)</u>		
Changes in percentage of ownership interests in subsidiaries	\$ 116,238	\$ 116,238
Forfeited share options	13,542	10,695
Dividends distributed by subsidiaries not yet received by shareholders	2,510	2,161
<u>May not be used for any purpose</u>		
Equity component of convertible bond	1,064,769	1,308,070
Changes in interests in associates accounted for using the equity method	<u>316,035</u>	<u>179,336</u>
	<u>\$ 49,122,450</u>	<u>\$ 48,015,947</u>
		(Concluded)

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus).

Note 2: Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions, other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 23(c): Net Income - employees' compensation and remuneration of directors.

In addition to the capital-intensive, mature and stable production and marketing of cement and cement-related products, the Corporation aggressively pursues diversification. For the development of diversified investments or other important capital budgeting plans, the Corporation decided that the payout ratio of cash dividend is to be at least 20% of the total dividends to be distributed to ordinary shareholders; the rest will be paid in share dividends.

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

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

The appropriations of earnings for 2019 and 2018 approved in the shareholders' general meetings in June 2020 and 2019, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 2,448,745	\$ 2,118,082		
Cash dividends on preference shares	350,000	18,219	<u>\$ 1.75</u>	<u>\$ 0.09</u>
Cash dividends on ordinary shares	13,644,048	16,856,367	<u>\$ 2.50</u> (Note 1)	<u>\$ 3.30</u> (Note 1)
Share dividends on ordinary shares	2,728,810	3,575,593	<u>\$ 0.50</u> (Note 1)	<u>\$ 0.70</u> (Note 1)

Note 1: Given the transfer of treasury shares to employees has not been implemented and the registration amendment to the number of ordinary shares converted from outstanding overseas unsecured convertible bonds has not been completed, the total number of issued and outstanding shares does not reflect the actual situation. Therefore, the cash dividend was adjusted to \$2.50081632 per ordinary share and the share dividend was adjusted to \$0.50016326 per ordinary share.

Note 2: The number of ordinary shares outstanding was affected by the Corporation's purchase of treasury shares which has not been transferred to employees. Therefore, the cash dividend was adjusted to \$3.30513111 per ordinary share and the share dividend was adjusted to \$0.70108841 per ordinary share.

The appropriation of earnings for 2020 had been proposed by the Corporation's board of directors on March 19, 2021. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 2,530,555	
Dividends on preference shares	350,000	<u>\$ 1.75</u>
Cash dividends on ordinary shares	20,594,434	<u>\$ 3.50</u>

The appropriation of earnings for 2020 is subject to be approved by shareholder's general meeting in June 2021.

d. Special reserve

The Corporation appropriated to special reserve the amounts that were the same as the unrealized revaluation increment and cumulative translation adjustments transferred to retained earnings at the first-time adoption of IFRSs, which were \$10,454,422 thousand and \$2,709,369 thousand, respectively.

The special reserve appropriated at the first-time adoption of IFRSs relating to investment in properties other than land may be reversed according to the period of use. The special reserve relating to land may be reversed upon disposal or reclassification, and such special reserve of \$9,202 thousand and \$0 thousand was reversed for the years ended December 31, 2020 and 2019, respectively. The special reserve appropriated, due to currency translation adjustments for financial statements of foreign operations (including subsidiaries), shall be reversed based on the Corporation's disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence.

e. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (11,660,261)	\$ (5,037,221)
Recognized during the year		
Exchange differences on translating foreign operations	2,237,171	(4,745,389)
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>(100,486)</u>	<u>(1,877,651)</u>
Balance at December 31	<u>\$ (9,523,576)</u>	<u>\$ (11,660,261)</u>

2) Unrealized gain on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 35,395,116	\$ 24,074,566
Recognized during the year		
Unrealized gain (loss) - equity instruments	(4,617,447)	11,090,117
Share of profit or loss of associates and joint ventures	<u>(5,554)</u>	<u>230,433</u>
Other comprehensive income (loss) recognized in the year	(4,623,001)	11,320,550
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(101,298)</u>	<u>-</u>
Balance at December 31	<u>\$ 30,670,817</u>	<u>\$ 35,395,116</u>

3) Cash flow hedges

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ -	\$ 1,109
Gain (loss) on changes in the fair value of hedging instruments		
Exchange rate risk - spot exchange rate	129	(5,768)
Share from associates accounted for using the equity method	(250)	(1,109)
Transferred to initial carrying amount of hedged items	<u>(129)</u>	<u>5,768</u>
Balance at December 31	<u>\$ (250)</u>	<u>\$ -</u>



f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 14,777,799	\$ 15,837,946
Net income	2,892,084	1,244,009
Other comprehensive income (loss) in the period		
Exchange differences arising on translation of foreign operations	(17,980)	(46,714)
Unrealized gain (loss) on financial assets at FVTOCI	(85,759)	118,872
Gain (loss) on changes in fair value of hedging instruments	87	(3,846)
Remeasurement of defined benefit plan	(1,145)	(10,556)
Transferred to the initial carrying amount of hedged items	(87)	3,846
Changes in ownership interests of subsidiaries	(26,225)	-
Adjustments relating to changes in capital surplus of associates and joint ventures accounted for using the equity method	-	26
Dividends from claims extinguished by prescription transferred to capital surplus	57	-
Dividends paid by subsidiaries	(2,485,089)	(2,219,308)
Disposal or acquisitions of non-controlling interests in subsidiaries	<u>(295,506)</u>	<u>(146,476)</u>
Balance at December 31	<u>\$ 14,758,236</u>	<u>\$ 14,777,799</u>

g. Treasury shares

(In Thousands of Shares)

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares at January 1	8,000	70
Increase during the period	4,000	8,000
Transferred to employees	<u>(478)</u>	<u>(70)</u>
Number of shares at December 31	<u>11,522</u>	<u>8,000</u>

The Corporation transferred 70 thousand shares to employees at the price of \$30.3 per share in the second quarter of 2019. The record date of employees' subscription for the shares was April 29, 2019. The Corporation had recognized the compensation costs of \$826 thousand on the grant date and recognized capital surplus - treasury shares transaction of \$402 thousand on the payment date. In May 2019, the Corporation's board of directors resolved to buy back 10,000 thousand treasury shares. The Corporation had repurchased 8,000 thousand shares as of the end of July 2019. To maintain shareholders' equity and in consideration of the employees' willingness to subscribe for the shares, as of July 2019, the repurchase of the shares was not yet completed, the average repurchase price was \$43.62, and the shares will be transferred to employees. The record date of employees' subscription was January 19, 2020. The Corporation had transferred 478 thousand shares to employees at the price of \$40.7 per share as of December 31, 2020. As a result, treasury shares decreased by \$20,868 thousand.

On March 20, 2020, the Corporation's board of directors resolved to purchase its ordinary shares from the market at prices between NT\$25.90 and NT\$61.95 per share with NT\$495,600 thousand as the total repurchase amount for 8,000 thousand shares. The execution has not been done as of May 2020 and the term has expired. In order to maintain shareholder's equity and consider the employee's willingness to subscribe the shares, 4,000 thousand shares were bought back and the average purchase price was \$42.9. The shares will be used for transfer to employees.

Under the Securities Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholder's rights on these shares, such as rights to dividends and to vote.

### 23. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
An analysis of depreciation by account		
Property, plant and equipment	\$ 6,020,380	\$ 6,190,037
Right-of-use assets	803,008	697,507
Investment properties	<u>20,770</u>	<u>21,943</u>
	<u>\$ 6,844,158</u>	<u>\$ 6,909,487</u>
An analysis of depreciation by function		
Operating costs	\$ 6,452,737	\$ 6,474,642
Operating expenses	390,572	433,989
Non-operating expenses	<u>849</u>	<u>856</u>
	<u>\$ 6,844,158</u>	<u>\$ 6,909,487</u>
An analysis of amortization of intangible assets by function		
Operating costs	\$ 372,820	\$ 379,676
Operating expenses	<u>48,105</u>	<u>50,602</u>
	<u>\$ 420,925</u>	<u>\$ 430,278</u>

b. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Retirement benefit plans		
Defined contribution plans	\$ 209,057	\$ 406,288
Defined benefit plans	<u>(2,930)</u>	<u>(985)</u>
	206,127	405,303
Share-based payments		
Equity-settled	4,808	826
Other employee benefits	<u>7,089,296</u>	<u>6,511,952</u>
Total of employee benefits expense	<u>\$ 7,300,231</u>	<u>\$ 6,918,081</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 4,923,324	\$ 5,086,005
Operating expenses	<u>2,376,907</u>	<u>1,832,076</u>
	<u>\$ 7,300,231</u>	<u>\$ 6,918,081</u>

c. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at the rates of 0.01%-3% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The total amount of employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which was approved by the Corporation's board of directors in March 2021 and 2020 as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	\$ 107,954	\$ 86,409
Remuneration of directors	256,965	245,432

For the year ended December 31, 2020, if there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on bank borrowings	\$ 966,934	\$ 1,219,949
Interest on corporate bonds	793,471	616,160
Interest on lease liabilities	44,693	43,430
Other finance costs	<u>181,110</u>	<u>319,579</u>
	<u>\$ 1,986,208</u>	<u>\$ 2,199,118</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Capitalized interest	<u>\$ -</u>	<u>\$ 7,370</u>
Capitalization rate	-	1.05%-1.10%

e. Other income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Government grants	\$ 240,160	\$ 207,856
Service fees of endorsement and warranty	21,490	30,284
Net gain on disposal of investment	-	181,349
Others	<u>236,634</u>	<u>837,086</u>
	<u>\$ 498,284</u>	<u>\$ 1,256,575</u>

f. Other expenses

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Loss on work stoppages	\$ 134,954	\$ 131,561
Others	<u>254,053</u>	<u>269,866</u>
	<u>\$ 389,007</u>	<u>\$ 401,427</u>

## 24. INCOME TAX

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax		
In respect of the current year	\$ 7,115,473	\$ 7,055,361
Income tax on unappropriated earnings	205,999	16,129
Adjustments for prior years	<u>(230,742)</u>	<u>(296,503)</u>
	<u>7,090,730</u>	<u>6,774,987</u>
Deferred tax		
In respect of the current period	<u>271,183</u>	<u>403,342</u>
Income tax expense recognized in profit or loss	<u>\$ 7,361,913</u>	<u>\$ 7,178,329</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Income before income tax	<u>\$ 35,353,306</u>	<u>\$ 32,633,419</u>
Income tax expense at the statutory rate	\$ 7,070,661	\$ 6,526,683
Non-deductible expenses in determining taxable income	157,246	325,050
Tax-exempt income	(888,036)	(1,083,539)
Unrecognized loss carryforwards and deductible temporary differences	(109,329)	555,622
Loss carryforwards utilized in the current year	(78,365)	(140,118)
Effects of different tax rate of subsidiaries operating in other jurisdictions	1,052,528	1,072,218
Income tax on unappropriated earnings	205,999	16,129
Adjustments for prior years	(230,742)	(296,503)
Others	<u>181,951</u>	<u>202,787</u>
Income tax expense recognized in profit or loss	<u>\$ 7,361,913</u>	<u>\$ 7,178,329</u>

In July 2019, the President of the ROC approved the announcement of the amendments to the Statute of Industrial Innovation, which stipulated that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in certain assets or technologies above a specific amount are allowed as deduction when computing the income tax on unappropriated earnings. The Group has already deducted the amount of capital expenditure from the unappropriated earnings that was reinvested when calculating the tax on unappropriated earnings.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Deferred tax</u>		
Deferred tax in the current year		
Remeasurement on defined benefit plan	<u>\$ 25,212</u>	<u>\$ 80,567</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets		
Tax refund receivable (included in other receivables)	<u>\$ 54,412</u>	<u>\$ 82,716</u>
Current tax liabilities		
Current income tax liabilities	<u>\$ 3,914,955</u>	<u>\$ 4,443,343</u>



d. Deferred income tax assets and liabilities

The movements of deferred income tax assets (included in other non-current assets) and deferred income tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
<u>Deferred income tax assets</u>					
Loss carryforwards	\$ 206,650	\$ 28	\$ -	\$ -	\$ 206,678
Allowance for impaired receivables	5,459	(5,459)	-	-	-
Defined benefit plan	29,409	(1,707)	(331)	-	27,371
Inventories	122,153	(853)	-	833	122,133
Others	267,392	12,675	-	(42)	280,025
	<u>\$ 631,063</u>	<u>\$ 4,684</u>	<u>\$ (331)</u>	<u>\$ 791</u>	<u>\$ 636,207</u>
<u>Deferred income tax liabilities</u>					
Land value increment tax	\$ 5,092,973	\$ (9,598)	\$ -	\$ -	\$ 5,083,375
Finance leases	3,253,903	(160,257)	-	-	3,093,646
Property, plant and equipment	1,383,077	103,631	-	16,663	1,503,371
Retained earnings from foreign subsidiaries	1,582,522	340,832	-	(151,981)	1,771,373
Defined benefit plan	264,339	2,089	24,881	-	291,309
Others	12,120	(830)	-	(94)	11,196
	<u>\$ 11,588,934</u>	<u>\$ 275,867</u>	<u>\$ 24,881</u>	<u>\$ (135,412)</u>	<u>\$ 11,754,270</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
<u>Deferred income tax assets</u>					
Loss carryforwards	\$ 206,168	\$ 482	\$ -	\$ -	\$ 206,650
Allowance for impaired receivables	16,778	(11,364)	-	45	5,459
Defined benefit plan	47,100	(21,372)	3,681	-	29,409
Inventories	116,351	8,079	-	(2,277)	122,153
Others	322,215	(50,057)	-	(4,766)	267,392
	<u>\$ 708,612</u>	<u>\$ (74,232)</u>	<u>\$ 3,681</u>	<u>\$ (6,998)</u>	<u>\$ 631,063</u>
<u>Deferred income tax liabilities</u>					
Land value increment tax	\$ 5,092,973	\$ -	\$ -	\$ -	\$ 5,092,973
Finance leases	3,308,698	(54,795)	-	-	3,253,903
Property, plant and equipment	1,305,545	112,094	-	(34,562)	1,383,077
Retained earnings from foreign subsidiaries	1,435,161	263,377	-	(116,016)	1,582,522
Defined benefit plan	176,920	3,171	84,248	-	264,339
Others	6,857	5,263	-	-	12,120
	<u>\$ 11,326,154</u>	<u>\$ 329,110</u>	<u>\$ 84,248</u>	<u>\$ (150,578)</u>	<u>\$ 11,588,934</u>

e. Unrecognized deferred income tax assets in respect of loss carryforwards

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Loss carryforwards		
Expire in 2020	\$ -	\$ 695,628
Expire in 2021	746,084	912,336
Expire in 2022	548,502	576,744
Expire in 2023	808,578	879,616
Expire in 2024	759,539	773,075
Expire in 2025	1,736,460	1,355,332
Expire in 2026	24,007	44,891
Expire in 2027	723,371	796,124
Expire in 2028	10,004	10,004
Expire in 2029	1,219,287	1,203,804
Expire in 2030	<u>627,648</u>	<u>-</u>
	<u>\$ 7,203,480</u>	<u>\$ 7,247,554</u>

f. Unused loss carryforwards information

Loss carryforwards as of December 31, 2020 were comprised of:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 746,084	2021
548,502	2022
808,578	2023
759,539	2024
2,361,542	2025
416,757	2026
723,371	2027
22,878	2028
1,221,973	2029
<u>627,648</u>	2030
<u>\$ 8,236,872</u>	

g. Unrecognized deferred income tax liabilities in respect of investments

As of December 31, 2020 and 2019, the taxable temporary differences in respect of investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$84,233,708 thousand and \$67,415,446 thousand, respectively.

h. Income tax assessments

The information of income tax assessments for the Group is as follows:

Year	Company
2018	Taiwan Cement Corporation, Ho Sheng Mining Co., Ltd., Union Cement Traders Inc., TCC Information Systems Corporation, Taiwan Cement Engineering Corporation, Taiwan Prosperity Chemical Corporation, Tung Chen Mineral Corporation, Jin Chang Minerals Corporation, Hoping Industrial Port Corporation, HPC Power Service Corporation, Ho-Ping Power Company, Ta-Ho Maritime Corporation, E.G.C. Cement Corporation, Feng Sheng Enterprise Company, TCC Green Energy Corporation, Kuan-Ho Refractories Industry Corporation, Taiwan Transport & Storage Corporation
2019	TCC Chemical Corporation, Ta-Ho Taitung Environment Co., Ltd., Ta-Ho RSEA Environment Co., Ltd.,

**25. EARNINGS PER SHARE**

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Basic earnings per share	<u>\$ 4.32</u>	<u>\$ 4.22</u>
Diluted earnings per share	<u>\$ 4.09</u>	<u>\$ 4.06</u>

The weighted average number of shares outstanding used in the earnings per share computation was adjusted retrospectively for the issuance of bonus shares on August 18, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 were as follows:

Unit: NT\$ Per Share

	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	<u>\$ 4.43</u>	<u>\$ 4.22</u>
Diluted earnings per share	<u>\$ 4.25</u>	<u>\$ 4.06</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Net income (Note)	\$ 24,749,309	\$ 24,192,862
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds	<u>277,794</u>	<u>227,570</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 25,027,103</u>	<u>\$ 24,420,432</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in computation of basic earnings per share	5,735,314	5,734,273
Effect of potentially dilutive ordinary shares:		
Employees' compensation	3,070	2,368
Convertible bonds	<u>379,498</u>	<u>281,315</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>6,117,882</u>	<u>6,017,956</u>

Note: Preference share dividend of \$350,000 thousand and \$18,219 thousand of 2020 and 2019 were deducted.

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

## 26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2020

- a. During 2020, the Group acquired a portion of the shares of Taiwan Cement Engineering Corporation, and the proportion of ownership increased from 99.0% to 99.2%.

<u>Acquirer</u>	<u>Taiwan Cement Corporation</u>
<u>Acquiree</u>	<u>Taiwan Cement Engineering Corporation</u>
Cash consideration paid	\$ (934)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>939</u>
Differences arising from equity transactions	<u>\$ 5</u>

<u>Acquirer</u>	<b>Taiwan Cement Corporation</b>
<u>Acquiree</u>	<b>Taiwan Cement Engineering Corporation</b>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	\$ <u>5</u>
b. During 2020, the Group acquired a portion of the shares of Taiwan Prosperity Chemical Corporation, and the proportion of ownership increased from 42.5% to 73.6%.	

<u>Acquirer</u>	<b>Taiwan Cement Corporation</b>
<u>Acquiree</u>	<b>Taiwan Prosperity Chemical Corporation</b>
Cash consideration paid	\$ (738,955)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>294,563</u>
Differences arising from equity transactions	<u>\$ (444,392)</u>

<u>Acquirer</u>	<b>Taiwan Cement Corporation</b>
<u>Acquiree</u>	<b>Taiwan Prosperity Chemical Corporation</b>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	<u>\$ (444,392)</u>

c. During 2020, the Group acquired a portion of the shares of Taiwan Transport and Storage Corporation, and the proportion of ownership was 84.5%.

<u>Acquirer</u>	<b>Taiwan Cement Corporation</b>
<u>Acquiree</u>	<b>Taiwan Transport and Storage Corporation</b>
Cash consideration paid	\$ (1)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>2</u>
Differences arising from equity transactions	<u>\$ 1</u>



<b>Acquirer</b>	<b>Taiwan Cement Corporation</b>
	<b>Taiwan Transport and Storage Corporation</b>
<b>Acquiree</b>	
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	\$ <u>1</u>
d. During 2020, the Group acquired a portion of the shares of Ta-Ho Maritime Corporation, and the proportion of ownership was 94%.	

<b>Acquirer</b>	<b>Taiwan Transport and Storage Corporation</b>
	<b>Ta-Ho Maritime Corporation</b>
<b>Acquiree</b>	
Cash consideration paid	\$ -
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>2</u>
Differences arising from equity transactions	\$ <u>2</u>

<b>Acquirer</b>	<b>Taiwan Transport and Storage Corporation</b>
	<b>Ta-Ho Maritime Corporation</b>
<b>Acquiree</b>	

Line items adjusted for equity transactions

Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	\$ <u>2</u>
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The above transactions were accounted for as equity transactions since there was no change in the Group's control over these subsidiaries.

For the year ended December 31, 2019

During 2019, the Group acquired a portion of the shares of Ta-Ho Maritime Corporation, and the proportion of ownership was 94%.

<b>Acquirer</b>	<b>Taiwan Transport and Storage Corporation</b>
<b>Acquiree</b>	<b>Ta-Ho Maritime Corporation</b>
Cash consideration paid	\$ (1,017)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>1,046</u>
Differences arising from equity transactions	<u>\$ 29</u>
<b>Acquirer</b>	<b>Taiwan Transport and Storage Corporation</b>
<b>Acquiree</b>	<b>Ta-Ho Maritime Corporation</b>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	<u>\$ 29</u>

The above transactions were accounted for as equity transactions since there was no change in the Group's control over these subsidiaries.

## 27. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2020

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Effect of Exchange Rate</b>	<b>Closing Balance</b>
Short-term borrowings	\$ 30,445,048	\$ 4,533,158	\$ (302,752)	\$ 34,675,454
Long-term borrowings (including expired within a year)	<u>32,177,173</u>	<u>(2,181,761)</u>	<u>(191,931)</u>	<u>29,803,481</u>
	<u>\$ 62,622,221</u>	<u>\$ 2,351,397</u>	<u>\$ (494,683)</u>	<u>\$ 64,478,935</u>

For the year ended December 31, 2019

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Effect of Exchange Rate</b>	<b>Closing Balance</b>
Short-term borrowings	\$ 26,226,051	\$ 4,364,712	\$ (145,715)	\$ 30,445,048
Long-term borrowings (including expired within a year)	<u>26,555,918</u>	<u>5,711,550</u>	<u>(90,295)</u>	<u>32,177,173</u>
	<u>\$ 52,781,969</u>	<u>\$ 10,076,262</u>	<u>\$ (236,010)</u>	<u>\$ 62,622,221</u>

## 28. CAPITAL MANAGEMENT

The Group needs to maintain sufficient capital to fulfill the Group's requirements of business expansion and construction. Therefore, the capital management of the Group shall focus on a comprehensive operational plan to ensure sound profitability and financial structure so as to fulfill the mid and long-term demand of working capital, capital expenditures, debts repayment and dividend distributions.

## 29. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

December 31, 2020

	<b>Carrying Amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	\$ 9,380,990	\$ -	\$ -	\$ 10,138,329	\$ 10,138,329

December 31, 2019

	<b>Carrying Amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	\$ 11,155,018	\$ -	\$ -	\$ 11,695,351	\$ 11,695,351

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives-put options and redemption options of convertible bond payables	\$ -	\$ -	\$ 17,092	\$ 17,092
Domestic listed shares	234,963	-	-	234,963
Domestic emerging market shares	<u>101,931</u>	<u>-</u>	<u>-</u>	<u>101,931</u>
	<u>\$ 336,894</u>	<u>\$ -</u>	<u>\$ 17,092</u>	<u>\$ 353,986</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 5,544,326	\$ -	\$ -	\$ 5,544,326
Foreign listed shares	24,664,109	-	-	24,664,109
Domestic unlisted shares	-	-	7,239,178	7,239,178
Convertible preference shares	<u>52,145</u>	<u>-</u>	<u>-</u>	<u>52,145</u>
	<u>\$ 30,260,580</u>	<u>\$ -</u>	<u>\$ 7,239,178</u>	<u>\$ 37,499,758</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives-put options and redemption options of convertible bond payables	\$ -	\$ -	\$ 1,235	\$ 1,235
Domestic listed shares	228,588	-	-	228,588
Domestic emerging market shares	96,909	-	-	96,909
Mutual funds	<u>175,273</u>	<u>-</u>	<u>-</u>	<u>175,273</u>
	<u>\$ 500,770</u>	<u>\$ -</u>	<u>\$ 1,235</u>	<u>\$ 502,005</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 7,126,288	\$ -	\$ -	\$ 7,126,288
Foreign listed shares	29,148,717	-	-	29,148,717
Domestic unlisted shares	-	-	6,971,622	6,971,622
Convertible preference shares	<u>54,457</u>	<u>-</u>	<u>-</u>	<u>54,457</u>
	<u>\$ 36,329,462</u>	<u>\$ -</u>	<u>\$ 6,971,622</u>	<u>\$ 43,301,084</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	<b>For the Year Ended December 31, 2020</b>
Financial assets at FVTOCI	
Equity instrument investment	
Balance at January 1, 2020	\$ 6,971,622
Additional	1
Recognized in other comprehensive income	321,524
Disposal	<u>(53,969)</u>
Balance at December 31, 2020	<u>\$ 7,239,178</u>
Financial assets at FVTPL	
Derivative instrument investment	
Balance at January 1, 2020 (included in financial liabilities at FVTPL)	\$ 1,235
Recognized in income	20,202
Convertible bonds converted into ordinary shares	<u>(4,345)</u>
Balance at December 31, 2020	<u>\$ 17,092</u>

	<b>For the Year Ended December 31, 2019</b>
Financial assets at FVTOCI	
Equity instrument investment	
Balance at January 1, 2019	\$ 5,917,085
Convertible preference shares transferred from Level 3 to Level 1 due to listing	(54,457)
Recognized in other comprehensive income	1,113,577
Disposal	<u>(4,583)</u>
Balance at December 31, 2019	<u>\$ 6,971,622</u>
Financial assets at FVTPL	
Derivative instrument investment	
Balance at January 1, 2019 (included in financial liabilities at FVTPL)	\$ (139,460)
Recognized in income	<u>140,695</u>
Balance at December 31, 2019	<u>\$ 1,235</u>

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

There were no quoted prices in active markets for put options and redemption options of ECB issued by the Corporation. Hence, the fair values of options are determined using the binomial option pricing model where the unobservable input is historical volatility. An increase in historical volatility used in isolation would result in an increase in the fair value. The historical volatility used was 23.69% and 14.67% on December 31, 2020 and 2019, respectively.



The Group measures the fair value of its investments on domestic and foreign unlisted shares by using the asset-based approach, the market approach, and the dividend discount model.

Under the asset-based approach, the total value of an investment is based on the fair value of its assets and liabilities. The significant unobservable inputs used are listed in the table below.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Comprehensive discount for lack of marketability and non-controlling interests	10%	10%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Comprehensive discount for lack of marketability and non-controlling interests		
1% increase	<u>\$ (25,297)</u>	<u>\$ (25,400)</u>
1% decrease	<u>\$ 25,297</u>	<u>\$ 25,400</u>

The market approach involves comparing a target company with companies that have similar business models in the open market, similar selling prices of similar items, or similar past share prices to that of the target company. The significant unobservable inputs used are listed in the table below.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount for lack of marketability	20%	20%-30%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount for lack of marketability		
1% increase	<u>\$ (2,932)</u>	<u>\$ (3,818)</u>
1% decrease	<u>\$ 2,932</u>	<u>\$ 3,818</u>

The dividend discount model values a target company based on its stability of dividend payments in the past.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	6.1%	6.9%
Dividend growth rate	1.3%	1.4%
Discount for lack of marketability	10.0%	10.0%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount for lack of marketability		
1% increase	<u>\$ (52,570)</u>	<u>\$ (48,487)</u>
1% decrease	<u>\$ 52,570</u>	<u>\$ 48,487</u>

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified financial assets at FVTPL	\$ 353,986	\$ 502,005
Financial assets measured at amortized cost (1)	151,045,326	130,255,654
Financial assets at FVTOCI		
Equity instrument investment	37,499,758	43,301,084
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (2)	146,422,478	134,650,780

- 1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables, other receivables-related parties, long-term finance lease receivables and finance lease receivables.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payables, notes and accounts payables, other payables (including related parties), bonds payable, long-term loans (including current portion), and long-term notes payable.

d. Financial risk management objectives and policies

The risk control and hedging strategy performed by the Group were affected by operation environments, and the Group adopted appropriate risk controls and hedging strategies according to its nature of business and risk diversification principles. These risks include market risk, credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The Group did not enter into or trade financial instruments for speculation.

1) Market risk

The Group's financial instruments were mainly comprised of mutual funds and listed shares, and these investments were subject to fluctuations in market prices. The Group has periodically evaluated the investment's performance, and no significant market risk was anticipated.

The Group signed coal purchasing contracts with the suppliers, and also purchased foreign currency bank deposit at the spot rate to avoid exchange rate exposure to its forecasted purchases. When the forecasted purchases take place, the amounts originally deferred and recognized in equity will be reclassified to the carrying amount of the materials purchased.

The Group entered into foreign exchange forward contracts to manage exposure to exchange rate fluctuations, including foreign currency risks of foreign-currency assets and liabilities and price fluctuation risks of forecasted transactions. Since the gain or loss generated from exchange rate fluctuations was mostly offset by the gains or losses of hedged items, the market price risk is expected to be insignificant.

a) Foreign currency risk

The foreign financial assets and liabilities were exposed to risk of foreign currency fluctuations. To lower foreign currency risk, the Group has established control mechanisms to immediately monitor its foreign currency position and exchange rate fluctuations.

To maximize the hedging effectiveness, the Group matched up the conditions of derivative instruments with those in the contracts of hedged items.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in after-tax profit or equity associated with the NTD/RMB/HKD strengthening 1% against the relevant currency.

	<b>USD Impact</b>		<b>HKD Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
NTD	\$ (7,256)	\$ (10,034)	\$ -	\$ -
RMB	\$ (2,465)	\$ (9,835)	\$ (483)	\$ (433)
HKD	\$ 54,104	\$ 41,219	\$ -	\$ -

b) Interest rate risk

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash flow interest rate risk		
Financial assets	\$ 30,351,013	\$ 25,276,394
Financial liabilities	64,478,935	62,622,221

The interest risk was evaluated based on the position of financial assets and liabilities. The sensitivity analysis below was determined based on the Group's floating interest rate financial assets and liabilities at the end of the reporting period, and a 50 basis point increase or decrease was used, representing management's assessment of reasonably possible change in interest rates. The fair values of fixed interest rate financial assets and liabilities will change due to variances in market interest rates; the future cash flows of floating interest rate financial assets and financial liabilities will change due to variances in effective interest rates, which vary with market interest rates.

For the Group's position of floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the years ended December 31, 2020 and 2019 would increase/decrease by \$121,404 thousand and \$101,106 thousand, respectively.

For the Group's position of floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the years ended December 31, 2020 and 2019 would increase/decrease by \$257,916 thousand and \$250,489 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed shares and emerging market shares. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. Sensitivity analyses were used for evaluating the exposure to equity price risks.

The sensitivity analyses were based on the exposure of equity price at the end of reporting period. If equity instruments/commodity prices of financial assets at FVTPL had been 5% higher/lower, profit or loss for the years ended December 31, 2020 and 2019 would increase/decrease by \$16,845 thousand and \$25,039 thousand, respectively. If equity instruments/commodity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the years ended December 31, 2020 and 2019 would increase/decrease by \$1,874,988 thousand and \$2,165,054 thousand, respectively.

2) Credit risk

Potential impacts on financial assets would occur if the Group's counterparties breach financial instrument contracts, including impacts to the concentration of credit risk, components contractual amounts and other receivables.

As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Group transacted with a large number of customers from various industries and geographical locations. The Group continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Group also required credit enhancements by bank guarantees or collateral for certain customers or in certain geographical locations.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings which were assigned by international credit-rating agencies.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of December 31, 2020 and 2019, the amount of unused financing facilities was \$116,754,202 thousand and \$98,765,259 thousand, respectively.

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

#### December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,072,780	\$ 15,698,938	\$ 2,863,365	\$ 126,164	\$ 1,633
Lease liabilities	75,157	104,347	390,405	1,766,586	2,049,825
Variable interest rate liabilities	6,893,570	28,248,879	5,207,790	25,561,821	71,565
Fixed interest rate liabilities	<u>250,000</u>	<u>6,000,000</u>	<u>484,620</u>	<u>29,739,450</u>	<u>35,080,160</u>
	<u>\$ 8,291,507</u>	<u>\$ 50,052,164</u>	<u>\$ 8,946,180</u>	<u>\$ 57,194,021</u>	<u>\$ 37,203,183</u>

Additional information about the maturity analysis for lease liabilities after eliminating transactions in the Group:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 569,909</u>	<u>\$ 1,766,586</u>	<u>\$ 834,504</u>	<u>\$ 314,387</u>	<u>\$ 193,266</u>	<u>\$ 707,668</u>

#### December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 966,652	\$ 15,118,369	\$ 2,799,568	\$ 109,817	\$ 23,954
Lease liabilities	93,158	99,223	477,930	1,698,041	2,436,357
Variable interest rate liabilities	3,074,409	23,788,546	5,919,211	31,587,662	443
Fixed interest rate liabilities	<u>-</u>	<u>5,880,000</u>	<u>311,100</u>	<u>38,335,877</u>	<u>13,836,000</u>
	<u>\$ 4,134,219</u>	<u>\$ 44,886,138</u>	<u>\$ 9,507,809</u>	<u>\$ 71,731,397</u>	<u>\$ 16,296,754</u>

Additional information about the maturity analysis for lease liabilities after eliminating transactions in the Group:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 670,311</u>	<u>\$ 1,698,041</u>	<u>\$ 1,084,320</u>	<u>\$ 306,089</u>	<u>\$ 192,158</u>	<u>\$ 853,790</u>



e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group had transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pays the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face values of the transferred but unsettled bills receivable, and as of December 31, 2020 and 2019, the face values of these unsettled bills receivable were \$2,308,323 thousand and \$1,916,934 thousand, respectively. The unsettled bills receivable will be due in 11 months and 10 months, after December 31, 2020 and 2019, respectively. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During 2020 and 2019, the Group did not recognize gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

### 31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are as follows:

a. Name of the related parties and relationships

<b>Related Party</b>	<b>Relationship with the Group</b>
Onyx Ta-Ho Waste Clearance Co., Ltd.	Subsidiary of associates
OYAK Cement Portugal S.A.	Subsidiary of associates
Onyx Ta-Ho Energy Recovery Co., Ltd	Subsidiary of associates
E-ONE Moli Energy Corporation	Subsidiary of associates (Classified as associates for the nine months ended 2019)
E-ONE Moli Energy (Canada) Ltd.	Subsidiary of associates
Onyx Ta-Ho Environmental Services Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd. (in the process of liquidation since December 2019, process of liquidation finished in 2020)	Associates
Chia Huan Tung Cement Corporation (in the process of liquidation since December 2019, process of liquidation finished in 2020)	Associates
Quon Hing Concrete Co., Ltd. (Quon Hing)	Associates
Prosperity Conch Cement Company Limited	Associates
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Hong Kong Concrete Co., Ltd.	Associates
International CSRC Investment Holdings Co., Ltd.	Associates

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
TCC Recycle Energy Technology Company	Associates
Cimpor Global Holding B.V. (formerly known as Dutch OYAK TCC Holdings B.V.)	Associates
Chia Hsin R.M.C. Corp. (Chia Hsin R.M.C.)	Management personnel in substance
The Koo Foundation	Management personnel in substance
Chia Hsin Cement Corporation (Chia Hsin Cement)	Management personnel in substance
L'Hotel de Chine Corporation (L'Hotel de Chine)	Management personnel in substance
FDC International Hotels Corporation	Management personnel in substance
Chia Hsin Prosperity Management and Development Corp.	Management personnel in substance
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Group
China Hi-Ment Corporation	The Group acts as key management personnel
Rong Gong Enterprise Co.	The Group acts as key management personnel
O-Bank Co., Ltd. (O-Bank)	The Group acts as key management personnel
Pan Asia Corporation	The Group acts as key management personnel
Ta-Ho Taitung Environment Co., Ltd. (in the process of liquidation since December 2019, process of liquidation finished in 2020)	The Group acts as key management personnel
CTCI Corporation (became related parties since May 2020)	The Group acts as key management personnel
CTCI Beijing	The Group acts as key management of its parent company
Chinatrust Investment Co., Ltd.	Same key management personnel
Consolidated Resource Company	Same key management personnel
CSRC China (Maanshan) Corporation	Same key management personnel
CSRC China (Anshan) Corporation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd. (dissolved and closed in March 2019)	Same key management personnel
China (Chongqing) Synthetic Rubber Corporation	Same key management personnel
Dr. Cecilla Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Continental Carbon India Ltd.	Same key management personnel
Linyuan Advanced Materials Technology Co., Ltd.	Same key management personnel
Fortune Quality investment Limited	Same key management personnel
Hualien County Ho-Ping Culture and Art Foundation	Same key management personnel
Sing Cheng Investment Co., Ltd.	Same key management personnel
Circular Commitment Company	Same key management personnel

(Concluded)

b. Operating transactions

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Sales</u>		
Associates	\$ 469,774	\$ 469,015
Management personnel in substance	458,162	480,709
The Group acts as key management personnel	256,835	212,002
Same key management personnel	172,070	165,703
Investors with significant influence over the Group	<u>33,515</u>	<u>148,286</u>
	<u>\$ 1,390,356</u>	<u>\$ 1,475,715</u>
<u>Purchases of goods and operating expenses</u>		
The Group acts as key management personnel	\$ 760,215	\$ 649,038
Management personnel in substance	73,908	68,916
Associates	59,360	109,227
Same key management personnel	50,169	142,308
Others	<u>161</u>	<u>725</u>
	<u>\$ 943,813</u>	<u>\$ 970,214</u>

Notes receivable and accounts receivable from related parties as of December 31, 2020 and 2019 were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates		
Quon Hing Concrete	\$ 116,879	\$ 73,503
Others	<u>32,460</u>	<u>23,733</u>
	<u>149,339</u>	<u>97,236</u>
Management personnel in substance		
Chia Hsin Cement	73,133	83,580
Others	<u>1,831</u>	<u>2,361</u>
	<u>74,964</u>	<u>85,941</u>
The Group acts as key management personnel		
China Hi-Ment	29,638	46,702
Others	<u>3,036</u>	<u>22,407</u>
	<u>32,674</u>	<u>69,109</u>
Investors with significant influence over the Group		
Goldsun Development & Construction	-	31,978
Same key management personnel	<u>16,889</u>	<u>15,736</u>
	<u>\$ 273,866</u>	<u>\$ 300,000</u>

Accounts payables from related parties (included in notes and accounts payable) as of December 31, 2020 and 2019 were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
The Group acts as key management personnel	\$ 147,713	\$ 141,757
Associates	5,293	11,536
Same key management personnel	172	7,056
Others	<u>2,686</u>	<u>2,067</u>
	<u>\$ 155,864</u>	<u>\$ 162,416</u>

The price and terms of the above transactions were similar to those for third parties. Rentals of lease contracts with related parties were based on market prices and the payment terms were determined at arm's length.

c. Other receivables from related parties

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
The Group acts as key management personnel		
Ta-Ho Taitung Environment Co., Ltd.	\$ -	\$ 341,280
Others	<u>-</u>	<u>4</u>
	<u>-</u>	<u>341,284</u>
Associates		
Quon Hing	1,653	1,732
E-ONE Moli Energy Corporation	1,031	3,735
International CSRC Investment Holdings Co., Ltd.	482	496
Others	<u>4</u>	<u>40,242</u>
	<u>3,170</u>	<u>46,205</u>
Others	<u>615</u>	<u>1,317</u>
	<u>\$ 3,785</u>	<u>\$ 388,806</u>

Other receivables from related parties included dividend receivables and interest receivables.

d. Other payables to related parties

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates		
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	\$ 3,929	\$ 3,875
Cimpor Global Holdings B.V.	-	227,626
Others	<u>69</u>	<u>264</u>
	<u>3,998</u>	<u>231,765</u>
Management personnel in substance		
L'Hotel de Chine	2,765	1,695
FDC International Hotels Corporation	1,013	-
Others	<u>508</u>	<u>1,333</u>
	<u>4,286</u>	<u>3,028</u>
	<u>\$ 8,284</u>	<u>\$ 234,793</u>

The interest expenses on the borrowings of loans from Cimpor Global Holdings B.V. were \$22,754 thousand for the year ended December 31, 2019, and related expenses had been repaid by December 31, 2019.

e. Prepayments for property, plant and equipment

	<u>December 31</u>	
	2020	2019
The Group acts as key management personnel CTCI Corporation	<u>\$ 371,600</u>	<u>\$ -</u>

f. Acquisitions of property, plant and equipment

<b>Related Party Category/Name</b>	<u>December 31</u>	
	2020	2019
Management personnel in substance Chia Hsin Property Management and Development Corp. Associates E-ONE	\$ 1,686,428  <u>3,322</u> <u>\$ 1,689,750</u>	\$ -  <u>-</u> <u>\$ -</u>

g. Lease arrangements

<b>Related Party Category</b>	<u>December 31</u>	
	2020	2019
<u>Acquisition of right-of-use assets</u>		
Management personnel in substance Linyuan Advanced Materials Technology Co., Ltd.	<u>\$ 2,500</u>	<u>\$ -</u>
Management personnel in substance Chia Hsin Property Management and Development Corp. Chia Hsin Cement Corporation Chia Hsin R.M.C. Corp.	39 - - <u>39</u>	9,831 31,392 10,544 <u>51,767</u>
	<u>\$ 2,539</u>	<u>\$ 51,767</u>
<u>Disposal</u>		
Right-of-use assets		
Management personnel in substance Chia Hsin Property Management and Development Corp.	<u>\$ 1,922</u>	<u>\$ -</u>
Lease liabilities		
Management personnel in substance Chia Hsin Property Management and Development Corp.	<u>\$ 1,953</u>	<u>\$ -</u>



Gain on lease modification for the year ended December 31, 2020 is \$31 thousand.

<b>Line Item</b>	<b>Related Party Category</b>	<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
Lease liabilities	Management personnel in substance		
	Chia Hsin Cement Corporation	\$ 10,593	\$ 26,240
	Chia Hsin R.M.C. Corp.	2,085	6,690
	Chia Hsin Property Management and Development Corp.	<u>-</u>	<u>6,247</u>
		<u>\$ 12,678</u>	<u>\$ 39,177</u>

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Interest expense</u>		
Management personnel in substance	<u>\$ 501</u>	<u>\$ 432</u>

The lease contracts between the Group and related parties were based on market price and general terms of payment.

h. Loans to related parties

Interest revenue

The compensation of directors and other key management personnel for the years ended December 31, 2020 and 2019 were as follows:

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Associates		
Onyx Ta-Ho Energy Recovery Co., Ltd.	<u>\$ 148</u>	<u>\$ -</u>

The interest rate of related party financing is equivalent to the market rate.

i. Endorsements and guarantees

Endorsements and guarantees provided by the Group

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Subsidiary of associates - OYAK Cement Portugal S.A.		
Amount endorsed	<u>\$ -</u>	<u>\$ 2,998,000</u>
Amount utilized	<u>\$ -</u>	<u>\$ -</u>

j. Acquisition of financial assets

For the year ended December 31, 2020

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares in Thousands</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
The Group acts as key management personnel O-Bank	Financial assets at FVTOCI	5,370	Stock	<u>\$ 34,100</u>

k. Disposal of financial assets

For the year ended December 31, 2020

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares in Thousands</b>	<b>Underlying Assets</b>	<b>Proceeds</b>	<b>Gain (Loss) on Disposal</b>
The Group acts as key management personnel Rong Gong Enterprise Co.	Financial assets at FVTOCI	3,390	Stock	<u>\$ 53,969</u>	<u>\$ -</u>

l. Compensation of key management personnel

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 577,390	\$ 574,537
Post-employment benefits	5,710	5,649
Share-based payment	<u>4,808</u>	<u>826</u>
	<u>\$ 587,908</u>	<u>\$ 581,012</u>

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

The following assets were pledged or mortgaged as collateral for certain short-term loans, long-term loans, performance bonds and other credit accommodations:

	<u>December 31</u>	
	2020	2019
Financial assets at FVTOCI (including current and non-current portion)	\$ 278,880	\$ 320,460
Property, plant and equipment	3,168,464	3,684,804
Investment accounted for using the equity method	50,093	60,730
Investment properties	845,666	861,127
Pledged bank deposits (included in financial assets measured at amortized cost)		
Current	272,124	753,007
Non-current	<u>1,713,403</u>	<u>984,716</u>
	<u>\$ 6,328,630</u>	<u>\$ 6,664,844</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. The balances of the letters of credit for purchase of raw material were as follows:

Name	<u>December 31</u>	
	2020	2019
The Corporation	\$ 145,571	\$ 155,377
Taiwan Prosperity Chemical Corporation	1,150,104	1,391,129
Ho-Ping Power Company	457,930	1,142,682
Kuan-Ho Refractories Industry Corporation	8,804	-

b. The amounts of letters of guarantee issued by the banks for the Group are as follows:

Name	<u>December 31</u>	
	2020	2019
The Corporation	\$ 22,120	\$ 22,120
Ho-Ping Power Company	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation	151,565	144,085
TCCI (Group)	786,037	1,175,222
Taiwan Transport & Storage Corporation	28,150	28,150

c. Ta-Ho RSEA Environment Co., Ltd.

<b>Company Name</b>	<b>Ta-Ho RSEA Environment Co., Ltd.</b>
Factual Background	In respect of the termination of the “Build-Own-Operate Agreement for Waste Incineration Plant” (the “BOO Agreement”) entered into by and between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government, the arbitration award decided that Yunlin County Government shall pay Ta-Ho RSEA Environment Co., Ltd. \$1.5 billion before November 30, 2008 as a Phase I payment and the remainder as a Phase II payment in the aggregate amount of about \$1.44 billion (including \$1,387,000 thousand, US\$1,706 thousand and JPY307 thousand) before June 30, 2009, and Ta-Ho RSEA Environment Co., Ltd. shall transfer the assets under the BOO Agreement to the Yunlin County Government at the same time.
Amount in Dispute (NT\$)	About \$2.94 billion
Commencement Date of Litigation	The arbitration award was rendered on October 1, 2008.
Parties	Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government
Status	Ta-Ho RSEA Environment Co., Ltd. has applied for compulsory enforcement for the total payment awarded by the arbitration and, thus far, has received the principal together with the interest in the amount of about \$3,540,000 thousand (tax included). As for the dispute over the interest of about \$270,000 thousand between Ta-Ho RSEA Environment Co., Ltd and Yunlin County Government, the Supreme Court ruled to dismiss Ta-Ho RSEA Environment Co., Ltd.’s re-appeal on February 17, 2020, stating that the above interest in the dispute shall not be included in the distribution of compensation, which concluded the compulsory enforcement proceedings. Ta-Ho RSEA Environment Co., Ltd. will discuss with the lawyers the advantages for further actions. According to the distribution result of the enforcement court, Ta-Ho RSEA Environment Co., Ltd. has received the principal and interest in the total amount of \$3,540,717 thousand (the amount of the principal part is \$2,941,872 thousand).

<b>Company Name</b>	<b>Ta-Ho RSEA Environment Co., Ltd.</b>
Factual background	<p>According to Article 10.5 of the “Build-Own-Operate Agreement for Waste Incineration Plant” (the “BOO Agreement”) entered into between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government, in the event that the BOO Agreement is terminated due to an event attributable to the Yunlin County Government, the assets of the Linnei Factory shall be transferred to the Yunlin County Government.</p> <p>However, the Yunlin County Government has consistently refused to receive the assets of the Linnei Factory. Ta-Ho RSEA Environment Co., Ltd. has therefore managed Linnei Incinerator for and on behalf of the Yunlin County Government since the termination of the BOO Agreement on October 31, 2006. The management expenses amounted to \$137,542 thousand as of December 31, 2017, and amounted to \$36,100 thousand from January 1, 2018 to January 31, 2021. The total amount is \$173,642 thousand.</p> <p>The payment award rendered under the arbitration between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government is around \$2.9 billion excluding business tax. After the arbitration award, the Revenue Service Bureau of the Yunlin County advised that the income derived from the award was subject to business tax, which amounted to \$165,591 thousand.</p>
Amount in dispute (NT\$)	About \$348 million.
Commencement date of litigation	Arbitration request has been applied on February 15, 2019.
Parties	Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government
Status	Arbitral Tribunal has been established on May 22, 2019 and the trial has been concluded on February 4, 2021. The arbitration award is scheduled to be rendered on April 10, 2021. The inventory of the assets of the Linnei Incinerator was completed from January 4, 2021 to January 21, 2021, and was transferred to the Yunlin County Government to take over from February 1, 2021. At present, there are still pending issues, e.g., stamp and notarization for the inventory of assets and registration of transferring real estate ownership of the plant.



d. Ho-Ping Power Company

<b>Company Name</b>	<b>Ho-Ping Power Company</b>
Factual Background	The Fair Trade Commission fined Ho-Ping Power Company \$1.35 billion for an alleged violation of Article 14 of the Fair Trade Act.
Amount in Dispute (NT\$)	\$1.35 billion
Commencement Date of Litigation	March 2013
Parties	Ho-Ping Power Company and the Fair Trade Commission
Status	<p>The Fair Trade Commission made a second administrative disposition in November 2013, which reduced the amount of the fine imposed on Ho-Ping Power Company to \$1,320,000 thousand.</p> <p>On June 30, 2015, the Supreme Administrative Court overruled the original judgment in favor of Ho-Ping Power Company and remanded the case for retrial to the Taipei High Administrative Court. On May 25, 2017, the Taipei High Administrative Court ruled in favor of Ho-Ping Power Company by holding that “the original disposition and decision of administrative appeal, which determined that Ho-Ping Power Company committed concerted action, shall be dismissed.” On the appeal part of the participant Taiwan Power Company, the Supreme Administrative Court made the ruling of “Appeal Rejection” on September 6, 2018 (Ref. No. 107 Nian-Du-Cai-Zi-Di 1380). In the case of another appellant (the Fair Trade Commission), the Supreme Administrative Court overruled the original judgment by rendering the judgment (Ref. No. 107 Nian-Du-Pan-Zi 550) on the same day, and remanded the case to the Taipei High Administrative Court for retrial (Ref. No. 107 Nian-Du-Su-Geng-Er-Zi 116). The Taipei High Administrative Court in second instance also ruled that “the administrative disposition made by the Fair Trade Commission shall be dismissed” in May 2020. However, the Fair Trade Commission still appealed and expressed dissatisfaction. The case is currently under review by the Supreme Administrative Court.</p> <p>In accordance with the accounting conservatism principle, Ho-Ping Power Company recognized relevant losses in 2012 and paid the total fine as of June 30, 2019.</p>

<b>Company Name</b>	<b>Ho-Ping Power Company</b>
Factual Background	Taiwan Power Company filed a lawsuit against Ho-Ping Power Company at the Taipei High Administrative Court claiming for its losses of at least \$5.5 billion plus interest, which was then expanded to \$10.76 billion, and filed another civil litigation at the Taipei District Court claiming for \$5.2 billion.
Amount in Dispute (NT\$)	About \$16 billion in total
Commencement Date of Litigation	September 2015
Parties	Ho-Ping Power Company and Taiwan Power Company
Status	<p>1) There are 2 outstanding litigations against Taiwan Power Company:</p> <p>a) In September 2015, Ho-Ping Power Company received an administrative pleading submitted by Taiwan Power Company to the Taipei High Administrative Court, which was transferred to the Taiwan Taipei District Court in February 2017, and Taiwan Power Company expanded the claim amount to \$10.76 billion. The Taiwan Taipei District Court has dismissed the plaintiff's (Taiwan Power Company) complaint on October 30, 2019 and Taiwan Power Company has filed an appeal subsequently which was accepted by the Taiwan High Court. This dispute is under review by the Taiwan High Court</p> <p>b) In November 2015, Ho-Ping Power Company received a complaint of civil litigation brought by Taiwan Power Company at the Taiwan Taipei District Court based on the same ground of the aforementioned administrative litigation, and the claim amount of this case was reduced from \$5.268 billion to \$1.755 billion in May 2020. The case is currently under review by the Taiwan Taipei District Court.</p> <p>2) Given such situations, Ho-Ping Power Company considered the chance of losing the litigations is remote and, therefore, it did not recognize relevant losses.</p>

- e. The board of directors of Ta-Ho Maritime Corporation has resolved to purchase three bulk carriers from Sumitomo Corporation on September 11, 2019. The aggregate purchase amount is US\$100,200 thousand, among which US\$30,060 thousand was paid as of the issuance date of this report.
- f. For the purpose of improving the PH air quality and reducing air pollution, the board of directors of the Group's subsidiary Ho-Ping Power Company has resolved to contract out the air pollution improvement equipment project for Unit 2 to CTCI Corporation on January 21, 2020. The total amount of investment is approximately \$1.858 billion. The contract was signed on June 9, 2020. As of December 31, 2020, 32.6% of the construction has been completed.
- g. The subsidiary, TCC Shaoguan Cement Co., Limited, a cement clinker producer, invested in cement clinker production line project on June 29, 2020 with the total investment amount of RMB244 million. As of December 31, 2020, 56% of the construction had been completed.
- h. On September 16, 2020, the board of directors of the Corporation resolved to increase investment in TCCIH by US\$330,000 thousand to repay foreign currency bank loans of TCCIH and improve the Group's financial structure.

- i. On May 12, 2020, the board of directors of TCC (Hangzhou) Environment Co., Ltd., the Group's subsidiary, has resolved to outsource construction and invite tender. The contract has been signed on October 30, 2020 and the total amount is RMB \$566,888 thousand. As of December 31, 2020, 3% of the construction has been completed.
- j. The board of directors of Chia-Chien Green Energy Corporation, the Group's subsidiary, has resolved on November 6, 2020 to build a fish-electricity symbiosis solar photovoltaic power generation system in order to enhance power generation and contracted the fishery-electricity symbiosis EPC turnkey project to Taiyen Green Energy Co., Ltd. in the total amount of \$1,398,000 thousand.
- k. On December 15, 2020, the board of directors of the Corporation approved the plan to purchase land in Hoping Industrial Park from Industrial Development Bureau, Ministry of Economic Affairs to expand the storage space of alternative raw material. The total consideration of land purchase plus industrial park development management funds was \$1,861,848 thousand. As of the date the financial statements were authorized for issue, the deposit, as 3% of the total consideration, had been paid.

### 33. OTHER ITEMS

Due to the impact of the COVID-19 pandemic from January 2020, governments all over the world have successively implemented various epidemic prevention measures, which slightly affected the business of the Group. Although the domestic epidemic situation has slowed down and the government's regulations have been loosened, many countries are still under lockdown measures and recession is expected to occur in the global economic situation. In addition to maintaining close contact with customers and manufacturers, the Group has committed to strengthen employee health management to mitigate the COVID-19 pandemic impact on the Company's operations. However, the actual impact to the Group still depends on the subsequent development of the epidemic.

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

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 64,520	28.480 (USD:NTD)	\$ 1,837,530
USD	40,943	7.750 (USD:HKD)	1,165,469
Non-monetary items			
USD	59,216	28.480 (USD:RMB)	1,686,470
EUR	820,904	35.020 (EUR:NTD)	28,748,060
<u>Financial liabilities</u>			
Monetary items			
USD	278,527	7.750 (USD:HKD)	7,928,485

December 31, 2019

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 72,698	29.980 (USD:NTD)	\$ 2,179,486
USD	41,001	6.955 (USD:RMB)	1,229,349
Non-monetary items			
USD	57,752	29.980 (USD:NTD)	1,731,419
EUR	828,607	33.590 (EUR:NTD)	27,832,897
<u>Financial liabilities</u>			
Monetary items			
USD	200,122	7.790 (USD:HKD)	6,000,400

The realized and unrealized foreign exchange gains and losses were net losses of \$(39,915) thousand and \$(15,399) thousand for the years ended December 31, 2020 and 2019, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the group entities.

### 35. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the share capital (Table 5)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the share capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 7)
- 9) Trading in derivative instruments (Notes 7, 19 and 29)
- 10) Intercompany relationships and significant intercompany transactions (Table 10)

11) Information on investees (Table 8)

b. Information on investments in mainland China (Table 9)

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
  - e) The highest balance during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

### 36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of segment. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- a. Cement segment - production, processing and sale of cement goods
- b. Chemical engineering segment - production, processing and sale of chemical raw materials
- c. Electricity segment - thermal power generation
- d. Other segments - land and marine transportation
  - production and sale of refractory materials
  - others

The Group uses the profit from operations as the measure for segment income and the basis of performance assessment. There was no material difference between the accounting policies of the operating segments and the accounting policies described in Note 4.



a. Segments revenue and results

	<u>Segment Revenue</u>		<u>Segment Income</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	2020	2019	2020	2019
Cement segment	\$ 88,001,253	\$ 94,034,107	\$ 20,960,575	\$ 23,187,626
Chemical engineering segment	8,456,024	10,370,301	(278,542)	(1,190,414)
Electricity segment	14,282,124	14,462,245	10,304,635	7,963,687
Other segments	<u>3,627,846</u>	<u>3,916,361</u>	<u>612,114</u>	<u>441,254</u>
	<u>\$ 114,367,247</u>	<u>\$ 122,783,014</u>	31,598,782	30,402,153
Share of profits of associates and joint ventures			3,200,243	2,509,388
Dividend income			1,567,644	1,448,451
Interest income			1,363,489	815,805
Loss on disposal of property, plant and equipment			(101,742)	(162,793)
Impairment loss recognized on non-financial assets			(101,299)	(774,784)
Administrative costs and director's remuneration			(256,965)	(245,432)
Finance costs			(1,986,208)	(2,199,118)
Foreign exchange losses, net			(39,915)	(15,399)
Net gain on financial assets and liabilities at fair value through profit and loss			32,170	179,256
Other income and expenses, net			<u>77,107</u>	<u>675,892</u>
Income before income tax			<u>\$ 35,353,306</u>	<u>\$ 32,633,419</u>

Segment income represented profit before tax earned by each segment without allocation of central administration costs, director's remuneration, share of profits of associates and joint ventures, dividend income, interest income, loss on disposal of property, plant and equipment, impairment loss recognized on non-financial assets, finance costs, foreign exchange gains and losses, net gain on financial assets and liabilities at fair value through profit and loss and income tax expense.

b. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Taiwan	\$ 49,316,294	\$ 49,351,277	\$ 65,693,013	\$ 61,987,820
Asia	<u>65,050,953</u>	<u>73,431,737</u>	<u>73,330,763</u>	<u>72,338,311</u>
	<u>\$ 114,367,247</u>	<u>\$ 122,783,014</u>	<u>\$ 139,023,776</u>	<u>\$ 134,326,131</u>

Non-current assets exclude financial instruments, deferred income tax assets, and net defined benefit asset.

c. Information about major customers

The only single customer who contributed 10% or more to the Group's revenue was as follows:

	For the Year Ended December 31	
	2020	2019
Taiwan Power Company	<u>\$ 14,282,124</u>	<u>\$ 14,462,245</u>

### 37. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- On January 18, 2021, the Corporation acquired the ordinary shares of Taiwan Prosperity Chemical Corporation with share swap by cash in accordance with the Business Mergers and Acquisitions Act and the share swap agreement. The corporation paid \$18 per share to other shareholders of Taiwan Prosperity Chemical Corporation and the total amount was \$685,845 thousand. Taiwan Prosperity Chemical Corporation became a wholly owned subsidiary of the Corporation. Meanwhile, the securities of Taiwan Prosperity Chemical Corporation were under suspension of trading and delisted on the same day with approval by competent authority.
- On March 19, 2021, the board of directors of the Corporation approved to sell 131,960 shares, equivalent to 100% of the total issued shares of Taiwan Prosperity Chemical Corporation, with \$18.18734 per share, for the total consideration of \$2,400,000 thousand to Chang Chun Plastics Co., Ltd. According to the Share Purchase Agreement, the Corporation planned to assist the termination of Equipment Lease Agreement between Taiwan Prosperity Chemical Corporation and TCC Chemical Corporation before the closing. Taiwan Prosperity Chemical Corporation planned to pay \$400,000 thousand to TCC Chemical Corporation as the consideration of the termination. Several conditions including but not limited to the approval of Taiwan Fair Trade Commission and Anti-monopoly Bureau of China were essential prerequisites to the accomplishment of the disposal plan.
- On March 19, 2021, the board of directors of the Corporation approved the plan to invest TCC Recycle Energy Technology Company with the limit of \$10,000,000 thousand while the subsidiary of TCC Recycle Energy Technology Company planned to build two production lines including plant, equipment and operation. In addition, its future trend was consistent with the Group's future development of energy storage.

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	Tai-Jie Transport & Storage Corporation TCC Chemical Corporation	Other receivables from related parties Other receivables from related parties	Yes Yes	\$ 100,000 300,000	\$ 100,000 -	\$ 70,000 -	1.26 -	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	\$ -	\$ -	\$ 955,162 955,162	\$ 955,162 955,162		
2	TCC Investment Corporation	Jin Chang Minerals Corporation	Other receivables from related parties	Yes	330,000	130,000	100,000	1.48	The need for short-term financing	-	Operating capital	-	-	-	1,849,747	1,849,747	
3	Taiwan Cement Engineering Corporation	Onyx Ta-Ho Energy Recovery Co., Ltd. Tai-Jie Transport & Storage Corporation	Other receivables from related parties Other receivables from related parties ties	Yes Yes	110,000 70,000	- -	- -	- -	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -	- -	- -	1,849,747 1,849,747	1,849,747 1,849,747	
4	TCC Development Ltd.	TCC Chemical Corporation	Other receivables from related parties	Yes	200,000	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	294,520	294,520	
5	TCC International Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	284,554	268,129	268,129	0.73	The need for short-term financing	-	Operating capital	-	-	-	755,626	755,626	
6	TCC International Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	3,650,000	3,417,600	-	-	The need for short-term financing	-	Operating capital	-	-	-	111,330,984	222,661,968	
7	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd. TCC Liaoning Cement Company Limited TCC (Guigang) Cement Ltd.	Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes	874,174 996,558 7,430,479	874,174 996,558 7,430,479	- 996,558 7,430,479	- 3.05 3.05	The need for short-term financing The need for short-term financing The need for short-term financing	- - -	Operating capital Operating capital Operating capital	- - -	- - -	- - -	18,018,965 18,018,965 18,018,965	36,037,930 36,037,930 36,037,930	
8	TCC (Guigang) Cement Ltd.	Scius Luzhour Cement Co., Ltd. Scius Naxi Cement Co., Ltd. TCC Yingde Cement Co., Ltd. Scius Luzhour Concrete Co., Ltd.	Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes Yes	1,223,844 437,087 437,087 87,417	1,223,844 437,087 437,087 87,417	- - - -	- - - -	The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing	- - - -	Operating capital Operating capital Operating capital Operating capital	- - - -	- - - -	- - - -	26,954,645 26,954,645 26,954,645 26,954,645	53,909,290 53,909,290 53,909,290 53,909,290	
9	TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited TCC Anshan Cement Company Limited	Other receivables from related parties Other receivables from related parties	Yes Yes	1,258,811 437,087	1,258,811 437,087	- -	- -	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -	- -	- -	26,954,645 26,954,645	53,909,290 53,909,290	

(Continued)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	\$ 874,174	\$ 874,174	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ 26,954,645	\$ 53,909,290		
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-	-	26,954,645	\$ 53,909,290		
		TCC Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	284,107	284,107	-	-	The need for short-term financing	-	Operating capital	-	-	26,954,645	53,909,290		
		TCC (Hangzhou) Recycle Resource Technology Limited	Other receivables from related parties	Yes	43,709	43,709	-	-	The need for short-term financing	-	Operating capital	-	-	26,954,645	53,909,290		
		Guigang TCC DongYuan Environmental Technology Company Limited	Other receivables from related parties	Yes	131,126	131,126	131,126	3.48	The need for short-term financing	-	Operating capital	-	-	26,954,645	53,909,290		
8	TCC Yingde Cement Co., Ltd.	TCC Shaoguan Cement Co., Limited	Other receivables from related parties	Yes	1,416,557	1,416,557	1,109,306	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC (Dong Guan) Cement Co., Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Anshun Cement Co., Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		Guangan Changxing Cement Co., Ltd.	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	524,504	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Chongqing Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		Scius Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	786,757	786,757	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		Scius Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	43,709	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	218,544	218,544	131,126	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		Beijing TCC Environment Technology Co., Ltd.	Other receivables from related parties	Yes	87,417	87,417	30,596	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC (Hangzhou) Environmental Protection Technology Limited	Other receivables from related parties	Yes	2,989,675	2,989,675	2,421,462	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
9	TCC Fuzhou Cement Co., Ltd.	TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	305,961	305,961	43,709	3.48	The need for short-term financing	-	Operating capital	-	-	945,906	2,837,718		
		TCC New (Hangzhou) Management Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	945,906	2,837,718		
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-	-	945,906	2,837,718		

(Continued)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
10	TCC International Holdings Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	\$ 239,122	\$ 212,793	\$ 212,176	-	The need for short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ -	\$ 147,332,657	\$ 294,665,314	
11	Prime York Ltd.	Upper Value Investment Limited	Other receivables from related parties	Yes	198,798	187,323	187,323	-	The need for short-term financing	-	Operating capital	-	-	-	3,047,596	6,095,192	
12	Jurong TCC Cement Co., Ltd.	TCC Anshun Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,060,978	36,121,955	
		TCC Chongqing Cement Co., Ltd.	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,060,978	36,121,955	
		TCC Guangan Cement Company Ltd.	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,060,978	36,121,955	
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	305,961	305,961	218,544	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,060,978	36,121,955	
		TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,060,978	36,121,955	
		Seisus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,060,978	36,121,955	
		TCC Huahua Cement Company Limited	Other receivables from related parties	Yes	1,311,261	1,311,261	340,928	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,060,978	36,121,955	
		TCC Huahua Concrete Company Limited	Other receivables from related parties	Yes	131,126	131,126	43,709	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,060,978	36,121,955	
		Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	305,961	305,961	118,013	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,060,978	36,121,955	
13	TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-	-	-	7,640,155	15,280,311	
		Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	262,252	262,252	262,252	3.48	The need for short-term financing	-	Operating capital	-	-	-	7,640,155	15,280,311	
		Seisus Luzhou Concrete Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-	-	-	7,640,155	15,280,311	
		Guizhou Kaihui Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-	-	-	7,640,155	15,280,311	
		Seisus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-	-	-	7,640,155	15,280,311	
		TCC Chongqing Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-	-	-	7,640,155	15,280,311	
		TCC Huahua Cement Company Limited	Other receivables from related parties	Yes	655,631	655,631	262,252	3.48	The need for short-term financing	-	Operating capital	-	-	-	7,640,155	15,280,311	
14	Guangan Changxing Cement Co., Ltd.	TCC Huaying Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,466,228	10,932,456	
		Seisus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,466,228	10,932,456	
		Guizhou Kaihui Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,466,228	10,932,456	

(Continued)



No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
15	Wayly Holdings Ltd.	Guizhou Kaiji Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	\$ 61,128	\$ 57,600	\$ 57,600	-	The need for short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ -	\$ 1,787,407	\$ 3,574,815	
16	TCC Chongqing Cement Company Limited	Guangan Changxing Cement Co., Ltd. Guizhou Kaiji Rui An Jian Cai Co., Ltd. Scitius Naxi Cement Co., Ltd.	Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes	437,087 218,544 131,126	437,087 218,544 131,126	- - -	- - -	The need for short-term financing The need for short-term financing The need for short-term financing	- - -	Operating capital Operating capital Operating capital	- - -	- - -	- - -	9,372,765 9,372,765 9,372,765	18,745,531 18,745,531 18,745,531	
17	TCC New (Hangzhou) Management Company Limited	Scitius Luzhou Cement Co., Ltd. TCC Huaying Cement Company Limited TCC Huahua Cement Company Limited TCC Jingzhou Cement Company Limited Guizhou Kong On Cement Company Limited	Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes Yes Yes	218,544 109,272 655,631 87,417 131,126	218,544 109,272 655,631 87,417 131,126	- - 537,180 - 43,709	- - 3.48 - 3.48	The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing	- - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - -	- - - - -	- - - - -	9,372,765 9,372,765 9,372,765 9,372,765 9,372,765	18,745,531 18,745,531 18,745,531 18,745,531 18,745,531	
18	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Company Limited	Other receivables from related parties	Yes	270,994	270,994	-	-	The need for short-term financing	-	Operating capital	-	-	-	527,283	1,054,566	
19	Da Tong (Guigang) International Logistics Co., Ltd.	Scitius Naxi Cement Co., Ltd. Scitius Luzhou Concrete Co., Ltd.	Other receivables from related parties Other receivables from related parties	Yes Yes	240,398 34,967	240,398 34,967	192,318 -	3.48 -	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -	- -	- -	527,283 527,283	1,054,566 1,054,566	
20	Hong Kong Cement Co., Ltd.	TCC New (Hangzhou) Management Company Limited TCC International Holdings Ltd.	Other receivables from related parties	Yes	348,563	348,563	257,881	-	The need for short-term financing	-	Operating capital	-	-	-	889,034	1,778,068	
21	Guizhou Kaiji Rui An Jian Cai Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd. TCC International Holdings Ltd. Scitius Naxi Cement Co., Ltd. Kaiji TCC Environment Technology Co., Ltd.	Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes Yes	131,126 501,122 131,126 174,835	131,126 471,800 131,126 174,835	- 471,800 -	- 0.34 -	The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing	- - - -	Operating capital Operating capital Operating capital Operating capital	- - - -	- - - -	- - - -	719,917 937,212 3,759,184 3,759,184	1,439,835 1,874,424 7,518,568 7,518,568	
22	Union Cement Traders Inc.	Jin Chang Minerals Corporation	Other receivables from related parties	Yes	300,000	300,000	300,000	1.53	The need for short-term financing	-	Operating capital	-	-	-	310,622	310,622	

(Continued)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
23	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	\$ 87,417	\$ 87,417	\$ -	-	The need for short-term financing	-	Operating capital	\$ -	\$ -	\$ 4,644,406	\$ 9,288,813		
24	Seitius Luzhou Cement Co., Ltd.	Guizhou Kaiji Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-	-	3,144,787	6,289,574		

Note 1: "Financing Limits for Each Borrower" and "Aggregate Financing Limits":

A. For Taiwan Cement Corporation, financing limits are as follows:

a) Where a business relationship exists, the individual financing limits with the borrower and 20% of Taiwan Cement Corporation's net equity in the recent year.

b) Where there is a need for a short-term financing facility, the individual financing limits were 20% of Taiwan Cement Corporation's net equity as stated in its latest financial statements.

c) For the above items a and b, the aggregate financing limits were 40% of Taiwan Cement Corporation's net equity as stated in its latest financial statements.

B. The restrictions above in paragraph A, subparagraphs b and c shall not apply to inter-company loans of funds between foreign companies of which Taiwan Cement Corporation holds, directly or indirectly, 100% of the voting shares. The aggregate and individual financing limits for the companies were 200% and 100%, respectively, of the net equity of each company as stated in their respective latest financial statements. In addition, the aggregate and individual financing limits for TCC International Ltd. were 200% and 100%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for TCC New (Hangzhou) Management Company Limited were 600% and 300%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for Prosperity Minerals (China) Ltd. were 400% and 200%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for TCC Development Ltd. were 200% and 200%, respectively, of its net equity as stated in its latest financial statements.

Note 2: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	Union Cement Traders Inc. TCC Investment Corporation TCC Chemical Corporation Jin Chang Minerals Corporation Ho Sheng Mining Co., Ltd. TCCI OYAK CEMENT PORTUGAL S.A.	b b b b b b f	\$ 102,035,909 102,035,909 102,035,909 102,035,909 102,035,909 102,035,909 102,035,909	\$ 1,420,000 2,570,000 1,499,117 68,848 99,884 28,465,250 3,025,000	\$ 1,420,000 2,570,000 1,499,117 68,848 99,884 6,294,080 -	\$ 1,020,000 1,540,000 829,117 39,814 99,884 -	\$ - - - 39,814 99,884 -	0.70 1.26 0.73 0.03 0.05 3.08 -	\$ 204,071,817 204,071,817 204,071,817 204,071,817 204,071,817 204,071,817 204,071,817	Y Y Y Y Y Y N	N N N N N N N	N N N N N N N	
1	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	c	1,125,773	137,462	137,462	137,462	-	36.63	1,125,773	N	Y	N	N
2	TCC Green Energy Corporation	TCC Chemical Corporation	a	3,098,101	6,117	6,117	6,117	-	0.20	3,098,101	N	N	N	N
3	TCCIH	TCC Yimgde Cement Co., Ltd. Jurong TCC Cement Co., Ltd. TCC Fuzhou Cement Co., Ltd. TCC Liaoning Cement Company Limited TCC (Guigang) Cement Ltd. TCC Chongqing Cement Co., Limited Guizhou K ong On Cement Company Limited Guizhou Kaili Rui An Jian Cai Co., Ltd. TCC Guangnan Cement Company Limited TCC Anshun Cement Company Limited TCC Huaihua Cement Company Limited TCC Jingzhou Cement Company Limited	b b b b b b b b b b b b	73,666,328 73,666,328 73,666,328 73,666,328 73,666,328 73,666,328 73,666,328 73,666,328 73,666,328 73,666,328 73,666,328 73,666,328	2,277,882 2,811,524 1,159,355 879,105 8,405,887 1,794,258 305,525 603,800 305,961 655,631 830,465 262,252	2,273,407 2,017,411 1,147,977 869,231 7,416,704 1,752,406 287,648 284,800 305,961 655,631 830,465 262,252	- - - - - - - - - - - - -	- - - - - - - - - - - - -	1.54 1.37 0.78 0.59 5.03 1.19 0.20 0.19 0.21 0.45 0.56 0.18	147,332,657 147,332,657 147,332,657 147,332,657 147,332,657 147,332,657 147,332,657 147,332,657 147,332,657 147,332,657 147,332,657 147,332,657	Y Y Y Y Y Y Y Y Y Y Y Y	N N N N N N N N N N N N	Y Y Y Y Y Y Y Y Y Y Y Y	

Note 1: Limits on endorsement/guarantee given on behalf of each party were as follows:

- a. i For endorsements/guarantees given by Taiwan Cement Corporation due to business transactions, 50% of the business transaction amounts in the previous year.
- ii Except for i, the aggregate and individual endorsements/guarantees given by Taiwan Cement Corporation were the net equity in its respective latest financial statements and 50% of the net equity in its respective latest financial statements.
- b. Ho Sheng Mining Co., Ltd. guaranteed by land use lease agreement.
- c. Jin Chang Minerals Corporation guaranteed by deposit contract.

Note 2: Aggregate endorsement/guarantee limit was 300% of its net equity in its latest financial statements for Ho Sheng Mining Co., Ltd., and the limit for other the endorsers/guarantors was the net equity in their respective latest financial statements.

Note 3: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- a. Having a business relationship.
- b. The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- c. The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- d. Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- e. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for the purposes of undertaking a construction project.
- f. Due to joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- g. Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Concluded)

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	
Taiwan Cement Corporation	Ordinary shares	-	FVTPL - current	7,522	\$ 101,174	-	
	Chien Kuo Construction Co., Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	101,931	-	
	Taiwan Television Enterprise, Ltd.	-	FVTPL - current	3,576	70,439	-	
	Chinatrust Financial Holding Co., Ltd.	The Corporation serves as director	FVTOCI - current	30,196	1,432,808	-	
	China Hi-Ment Corporation	-	FVTOCI - current	63,865	846,206	-	
	Taishin Financial Holding Co., Ltd.	The Corporation serves as director	FVTOCI - current	9,054	345,876	-	
	CTCI Corporation	Directors	FVTOCI - current	27,419	522,340	-	
	Chia Hsin Cement Corporation	The Corporation serves as director	FVTOCI - current	32,809	227,365	-	
	O-Bank	-	FVTOCI - non-current	2,626	14,509	8.3	
	IBT II Venture Capital Corporation	The Corporation serves as director	FVTOCI - non-current	29,553	1,160,235	9.4	
	Chinatrust Investment Co., Ltd.	The Corporation serves as supervisor	FVTOCI - non-current	6,204	8,996	5.4	
	Pan Asia Corporation	The Corporation serves as director	FVTOCI - non-current	49,731	4,469,268	6.6	
	Taiwan Stock Exchange Corporation	-	FVTOCI - non-current	600	-	9.5	
	Excel Corporation	-	FVTOCI - non-current	-	-	-	
	Convertible preference shares						
	O-Bank	The Corporation serves as director	FVTOCI - current	2,956	30,002	-	
Taiwan Transport & Storage Corporation	Ordinary shares	Director of parent company	FVTOCI - current	164,431	-		
Chia Hsin Cement Corporation	Ordinary shares	Director of parent company	FVTOCI - current	164,431	-		
TCC Investment Corporation	Ordinary shares	The Corporation serves as director	FVTOCI - current	167,805	-	21,000 thousand shares were pledged	
O-Bank	The Corporation serves as director	Director of parent company	FVTOCI - current	167,805	-	7,000 thousand shares were pledged	
Taishin Financial Holding Co., Ltd.	-	-	FVTOCI - current	161,873	-		
Chia Hsin Cement Corporation	Director of parent company	Director of parent company	FVTOCI - current	158,761	-		
China Conch Venture Holdings Limited	The Corporation serves as director	The Corporation serves as director	FVTOCI - non-current	3,877,219	-		
Chinatrust Investment Co., Ltd.	The Corporation serves as supervisor	The Corporation serves as supervisor	FVTOCI - non-current	427,300	3.5		
Pan Asia Corporation	-	-	FVTOCI - non-current	14	-		
Convertible preference shares							
O-Bank	The Corporation serves as director	The Corporation serves as director	FVTOCI - current	22,143	-		
Ta-Ho Maritime Corporation	Ordinary shares	Director of parent company	FVTPL - current	63,350	-		
Prosperity Dielectrics Co., Ltd.	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	490,752	-		
Chia Hsin Cement Corporation	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	259,574	2.1		

(Continued)



Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	
TCC Chemical Corporation	Ordinary shares Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,840	\$ 255,197	-	\$ 255,197
Hoping Industrial Port Corporation	Ordinary shares China Trust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	410,019	3.3	410,019
E.G.C. Cement Corporation	Ordinary shares Feng Yu United Engineering Company	-	FVTPL - current	97	-	0.1	-
Union Cement Traders Inc.	Ordinary shares Taishin Financial Holding Co., Ltd. CTCI Corporation Chia Hsin Cement Corporation Videoland Inc.	- The Corporation serve as director Director of parent company -	FVTOCI - current FVTOCI - current FVTOCI - current FVTOCI - non-current	28,212 13,365 7,441 6,437	373,803 510,555 141,751 234,066	- - - 5.6	373,803 510,555 141,751 234,066
TCCI (Group)	Ordinary shares Anhui Conch Cement Co., Ltd. Yargoon Co., Ltd.	- -	FVTOCI - non-current FVTOCI - non-current	116,568 19	20,786,890 -	- 12.5	20,786,890 -

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities within the scope of IFRS 9 "Financial Instruments".

Note 2: See Tables 8 and 9 for the information on investments in subsidiaries, associates and joint ventures.

(Concluded)

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Gain/Loss on Disposal (Note 4)	Other Adjustment (Note 1)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount			Shares/Units (In Thousands)	Amount
Taiwan Cement Corporation	Shares Taiwan Prosperity Chemical Corporation	Investments accounted for using the equity method	-	Subsidiaries	116,791	\$ 658,029	41,053	\$ 738,955	-	\$ -	-	\$ (662,096) (Note 3)	93,857 (Note 4)	\$ 734,888 (Note 5)
Taiwan Prosperity Chemical Corporation	Taishin Financial Holding Co., Ltd.	FVTOCI - current	-	-	78,462	1,137,697	-	-	78,462	1,003,813 (Note 1)	-	(133,884) (Note 2)	-	-
Jurong TCC Cement Co., Ltd.	TCC Huaihua Cement Company Limited	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	865,517	-	-	-	2,339,123 (Note 3)	-	3,204,640 (Note 5)
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Investments accounted for using the equity method	-	Subsidiaries	-	1,409,887	-	583,390	-	-	-	131,040 (Note 3)	-	2,124,317 (Note 5)
TCC (Guizang) Cement Ltd.	TCC (Hangzhou) Recycle Resource Technology Limited	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	419,100	-	-	-	18,810 (Note 3)	-	437,910 (Note 5)
TCC International (Guangxi) Ltd.	TCC (Hangzhou) Recycle Resource Technology Limited	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	2,014,340	-	-	-	(347) (Note 3)	-	2,013,993 (Note 5)
Jingyang Industrial Limited	Jurong TCC Environmental Co., Ltd.	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	507,738	-	-	-	6,932 (Note 3)	-	514,670 (Note 5)

Note 1: Including accumulated gain from retained earnings in the amount of \$191,076 thousand which is reclassified from unrealized gain on financial assets at FVTOCI due to disposal.

Note 2: Unrealized loss on financial assets at FVTOCI in this period.

Note 3: Including the profit and loss parts of subsidiaries recognized under the equity method and adjustments to shareholder's equity.

Note 4: Including the shares of capital reduction in 63,987 thousand shares handled by Taiwan Prosperity Chemical Corporation to offset a deficit.

Note 5: All intercompany transactions have been eliminated upon consolidation.

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer		Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship			
Taiwan Cement Corporation	The buildings and land of the second plant of ready mixed concrete plant in Taoyuan	2020.11.23	\$ 1,686,428	Paid	Chia Hsin Property Management and Development Corp.	Management personnel in substance	-	-	Participate in tenders by referring to the appraisal result and the current market quotation (Note 1)	For operating purpose	None
Taiwan Cement Corporation	Land in Hoping Industrial Park, Hualien County	2020.12.15	1,861,848 (Note 2)	By negotiation (Note 3)	Industrial Development Bureau, Ministry of Economic Affairs	Neither are related-party	-	-	Refer to the price approved by "the 161st review meeting held by the committee for reviewing price for lease and sale of land or buildings in industrial parks of Industrial Development Bureau, Ministry of Economic Affairs" (Note 4)	For operating purpose	None

Note 1: The period between Chia Hsin Property Management and Development Corp. acquired the subject land and the date the subject contract was entered into was over five years; therefore, Articles 16 and 17 of the Criteria for Handling Acquisition and Disposal of Assets by Public Companies are not applicable.

Note 2: Consideration of land purchase plus 1% industrial park development funds.

Note 3: The deposit, as 3% of the total consideration, had been paid in March 2021.

Note 4: Transaction was made with government agency; therefore, no appraisal report was required in accordance with the Criteria for Handling Acquisition and Disposal of Assets by Public Companies.

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total (Note 1)
Taiwan Cement Corporation	Feng Shang Enterprise Company	Subsidiary	Sales	\$ (447,418)	(2)	30 days	\$ -	-	\$ 117,249	23	(Note 2)
	TCCIH	Subsidiary	Purchases	211,093	1	30 days	-	-	(12,940)	(2)	(Note 2)
	HKCCL	Subsidiary	Service revenue	(437,173)	(2)	By contract	-	-	37,689	7	(Note 2)
	E.G.C. Cement Corporation	Subsidiary	Sales	(481,404)	(2)	65 days after the day shipment was made	-	-	99,810	20	(Note 2)
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	(484,272)	(2)	50 days after the day delivery was made	-	-	138,432	27	(Note 2)
	Hoping Industrial Port Corporation	Subsidiary	Purchases	638,719	4	30 days	-	-	(71,965)	(9)	(Note 2)
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	520,793	3	20 days	-	-	(34,140)	(4)	(Note 2)
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	1,446,657	8	30 days	-	-	(355,118)	(45)	(Note 2)
	Jin Chang Minerals Corporation	Subsidiary	Purchases	686,835	4	30 days	-	-	(54,779)	(7)	(Note 2)
	Chia Hsin Cement Corporation	Director of the Corporation	Sales	180,746	1	30 days	-	-	(7,418)	(1)	(Note 2)
Ho-Ping Power Company	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	(453,720)	(2)	65 days after the day delivery was made	-	-	73,133	14	
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	254,573	1	By contract	-	-	(89,959)	(11)	(Note 2)
	Hoping Industrial Port Corporation	The same parent company	Purchases	760,215	4	60 days	-	-	(147,713)	(19)	
	HPC Power Service Corporation	The same parent company	Sales	(138,150)	(1)	60 days	-	-	27,889	6	
	Taiwan Cement Corporation	The same parent company	Purchases	1,129,955	24	20 days	-	-	(17,368)	(13)	(Note 2)
	Ho-Ping Power Company	The same parent company	Purchases	484,855	10	By contract	-	-	(101,189)	(77)	(Note 2)
	Taiwan Transport & Storage Corporation	The same parent company	Sales	(520,793)	(30)	20 days	-	-	34,140	64	(Note 2)
	Taiwan Cement Corporation	The same parent company	Sales	(1,129,955)	(66)	20 days	-	-	17,368	32	(Note 2)
	Taiwan Cement Corporation	The same parent company	Purchases	216,487	79	30 days	-	-	(17,290)	(44)	(Note 2)
	Feng Shang Enterprise Company	Parent company	Purchases	447,418	16	30 days	-	-	(117,249)	(100)	(Note 2)
			(211,093)	(7)	30 days	-	-	12,940	100	(Note 2)	

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction			Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)		
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	\$ (638,719)	(43)	30 days	\$ -	-	\$ 71,965	56	(Note 2)	
	Hoping Industrial Port Corporation	The same parent company	Sales	(216,487)	(14)	30 days	-	-	17,290	14	(Note 2)	
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(194,533)	(13)	30 days	-	-	26,062	20	(Note 2)	
	Linyuan Advanced Materials Technology Co., Ltd.	The same chairman	Sales	(137,694)	(9)	30 days	-	-	14,868	12	(Note 2)	
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Sales	(1,446,657)	(58)	30 days	-	-	355,118	89	(Note 2)	
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	437,173	100	By contract	-	-	(37,689)	(100)	(Note 2)	
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(686,835)	(96)	30 days	-	-	54,779	97	(Note 2)	
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(484,855)	(100)	By contract	-	-	101,189	100	(Note 2)	
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(625,239)	(88)	By negotiation	-	-	241,794	100	(Note 2)	
Guigang Da-Ho Shipping Co., Ltd.	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(305,738)	(24)	By negotiation	-	-	80,395	26	(Note 2)	
	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(516,257)	(40)	By negotiation	-	-	223,211	72	(Note 2)	
TCC (Guigang) Cement Ltd.	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	625,239	9	By negotiation	-	-	(241,794)	(3)	(Note 2)	
	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	516,257	7	By negotiation	-	-	(223,211)	(3)	(Note 2)	
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	305,738	4	By negotiation	-	-	(80,395)	(3)	(Note 2)	
HKCCL	Taiwan Cement Corporation	Parent company	Purchases	481,404	87	65 days after the day shipment was made	-	-	(99,810)	(76)	(Note 2)	
	Quon Hing Concrete Co., Ltd.	Associates	Sales	(284,658)	(37)	By negotiation	-	-	116,879	44	(Note 2)	
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	484,272	100	50 days after the day delivery was made	-	-	(138,432)	(100)	(Note 2)	
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(180,746)	(100)	30 days	-	-	7,418	100	(Note 2)	
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(254,573)	(21)	By contract	-	-	89,959	83	(Note 2)	

(Continued)

Note 1: The percentage to total accounts receivable from (payable to) related parties.

Note 2: All intercompany transactions have been eliminated upon consolidation.

(Concluded)



## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL  
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Taiwan Cement Corporation	E.G.C. Cement Corporation (Note)	Subsidiary	\$ 138,432	4.1	\$ -	-	\$ 100,139	\$ -
Taiwan Cement Corporation	Feng Sheng Enterprise Company (Note)	Subsidiary	117,249	3.7	-	-	111,396	-
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note)	Parent company	355,118	4.7	-	-	355,118	-
HPC Power Service Corporation	Ho-Ping Power Company (Note)	The same parent company	101,189	4.9	-	-	101,189	-
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd. (Note)	The same ultimate parent company	223,211	2.6	-	-	214,154	-
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd. (Note)	The same ultimate parent company	241,794	3.4	-	-	237,042	-
HKCCL	Quon Hing Concrete Co., Ltd.	Associates	116,879	3.0	-	-	63,770	-

Note: All intercompany transactions have been eliminated upon consolidation.

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares/Units (In Thousands)	As of December 31, 2020		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019		%	Carrying Amount			
Taiwan Cement Corporation	TCCI Ho-Ping Power Company Hoping Industrial Port Corporation Ta-Ho Maritime Corporation Taiwan Prosperity Chemical Corporation Taiwan Transport & Storage Corporation	British Virgin Islands Taiwan Taiwan Taiwan Taiwan Taiwan	Investment holding Thermal power generation Hoping Industrial Port management Marine transportation Processing and sale of chemical material Warehousing, transportation and sale of sand and gravel Investment	\$ 33,774,761 6,037,720 3,198,500 528,506 1,731,127 90,863	\$ 33,774,761 6,037,720 3,198,500 528,506 992,173 90,862	1,100,876 805,940 319,990 143,566 93,857 40,541	100.00 59.50 100.00 64.79 71.10 83.85	\$ 111,330,984 18,279,509 5,733,662 2,684,377 734,888 2,002,162	\$ 10,678,591 7,268,550 806,115 495,557 (483,458) 243,314	\$ 10,678,591 4,324,787 806,091 321,058 (168,344) 204,009	Note Note Note Note Note Note
	TCC Investment Corporation Ho Sheng Mining Co., Ltd. CCC USA Corp. Taiwan Cement Engineering Corporation ONYX Ta-Ho Environmental Services Co., Ltd. Kuan-Ho Refractories Industry Corporation	Taiwan Taiwan U.S.A. Taiwan Taiwan Taiwan Taiwan	Mining excavation Rubber raw materials Engineering services Waste collection and treatment Production and sale of refractory materials	190,000 1,414,358 1,284,421 320,373 72,000 181,050	190,000 1,414,358 1,284,421 319,439 72,000 181,050	117,400 30,100 79 59,670 30,176 18,105	100.00 100.00 33.33 99.18 50.00 95.29	4,624,367 1,319,558 1,679,436 720,745 815,179 513,065	160,858 138,125 127,958 3,655 708,582 135,117	160,858 138,125 42,652 5,000 354,290 128,753	Note Note Note Note Note Note
	Feng Sheng Enterprise Company TCC Chemical Corporation TCC Information Systems Corporation Ta-Ho RSEA Environment Co., Ltd. HKCMCL TCC Green Energy Corporation Jin Chang Minerals Corporation HPC Power Service Corporation E.G.C. Cement Corporation Synpac Ltd. Tung Chen Mineral Corporation TPMC TCCIH International CSRC Investment Holdings Co., Ltd. Taiwan Cement Dutch TCC Recycle Energy Technology Company	Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan British Virgin Islands Taiwan Philippines Philippines Cayman Islands Taiwan Netherlands Taiwan Singapore Taiwan Taiwan	Sale of ready-mixed concrete Leasing property and energy technology services Information software design Waste collection and treatment Investment holding Renewable energy generation Afforestation and sale of limestone Business consulting Sale of cement Investment Afforestation and sale of limestone Mining excavation Mining excavation Investment holding Investment Investment holding Manufacturing and sale of batteries, power generation machinery, electronic components, etc. Investment holding Investment holding Energy storage equipment manufacturing production and sales	250,000 1,510,842 71,000 666,000 72,005 3,146,046 18,042 1,861 184,359 70,367 1,989 11,880 2,105 40,701,671 3,563,397 29,695,730 1,190,225	250,000 1,510,842 71,000 666,000 72,005 3,146,046 18,042 1,861 184,359 70,367 1,989 11,880 2,105 40,701,671 3,563,397 29,470,972 1,190,225	27,261 240,000 14,904 39,960 38 320,899 5,400 8,063 2,700 2,000 20 120 20 2,581,832 153,477 838 117,364	45.43 100.00 99.36 66.60 84.65 100.00 60.00 50.64 25.00 99.45 72.70 40.00 38.28 15.59 100.00 18.19	401,193 1,384,605 251,518 187,876 419,033 3,149,254 183,553 118,401 118,558 6.539 1,269 - - 56,398,941 5,082,574 29,075,184 1,244,337	157,887 85,870 14,710 (8,967) 71,403 (14,777) 4,938 196,273 34,886 2 (42) - - 15,927,223 726,555 731,797 (258,304)	71,735 109,031 14,616 (5,972) 60,445 (14,777) 4,938 117,764 17,668 2 (42) - - 6,096,941 135,069 731,797 (46,994)	Note Note Note Note Note Note Note Note Note Note Note Note Note Note Note Note Note Note
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation E.G.C. Cement Corporation Tai-Jie Transport & Storage Corporation	Taiwan Taiwan Taiwan	Marine transportation Sale of cement Transportation	301,524 136,476 25,000	301,524 136,476 25,000	64,720 7,857 2,500	29.21 49.36 100.00	1,210,124 144,922 34,233	495,557 34,886 8,358	144,734 17,219 8,358	Note Note Note

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares/Units (In Thousands)	%	Carrying Amount			
TCC Investment Corporation	Union Cement Traders Inc. Ho-Ping Power Company Taiwan Prosperity Chemical Corporation	Taiwan Taiwan Taiwan	Import and export trading Thermal power generation Processing and sale of chemical material	\$ 219,450 68,911 10,528	\$ 219,450 68,911 10,528	24,500 6,773 298	100.00 0.50 0.23	\$ 776,556 150,142 2,329	\$ 37,438 36,343 (1,090)	Note Note Note	
	Ta-Ho Maritime Corporation International CSRC Investment Holdings Co., Ltd. TCC Recycle Energy Technology Company	Taiwan Taiwan Taiwan	Marine transportation Investment Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	343 388,079 312,833	343 388,079 312,833	42 22,009 31,860	0.02 2.23 4.94	776 722,465 206,663	93 19,368 (12,757)	Note Note Note	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	549,664	325,995	19,300	100.00	4,665,395	308,040	Note	
TCC Information Systems Corporation	Taiecm Information (Samoa) Pte., Ltd. International CSRC Investment Holdings Co., Ltd.	Samoa Taiwan	Investment Investment	3,042 49,882	3,042 49,882	2,128 2,055	100.00 0.21	48,986 67,515	(84) 1,809	Note Note	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation TCC Recycle Energy Technology Company	Taiwan Taiwan	Processing and sale of chemical material Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	104,929 112,898	104,929 112,898	3,018 11,696	2.29 1.81	23,630 75,866	(11,053) (4,683)	Note Note	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation TCC Recycle Energy Technology Company	Taiwan Taiwan	Warehousing, transportation and sale of sand and gravel Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	2,612 298,046	2,612 298,046	324 30,703	0.67 4.76	16,013 199,159	1,632 (12,294)	Note Note	
Ho-Ping Power Company	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	281,806	281,806	11,464	1.16	376,540	10,089	Note	
TCC Green Energy Corporation	Ho-Ping Renewable Energy Company TCC Chia-Chien Green Energy Corporation TCC Yun-Kai Green Energy Corporation TCC Lien-Shen Green Energy Corporation TCC Chang-Ho Green Energy Corporation TCC Kao Cheng Green Energy Corporation TCC Nan Chung Green Energy Corporation Chang-Wang Wind Power Co., Ltd. TCC Ping-Zhi Green Energy Corporation Chia-Ho Green Energy Corporation	Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan	Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation	1,000 1,002,000 25,000 12,000 5,000 82,000 170,000 720,000 2,000 50,000	1,000 752,000 25,000 12,000 5,000 12,000 170,000 720,000 2,000 -	100 100,200 2,500 1,200 246 8,200 17,000 72,000 200 5,000	100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00	997 930,205 22,264 9,051 2,410 81,750 168,255 668,919 1,917 49,624	(2) (28,562) (308) (39) (46) 1,850 513 (3,624) (38) (376)	Note Note Note Note Note Note Note Note Note Note	
Ta-Ho Maritime Holdings Ltd.	THC International S.A. Ta-Ho Maritime (Hong Kong) Limited Ta-Ho Maritime (Singapore) Pte. Ltd.	Panama Hong Kong Singapore	Marine transportation Marine transportation Marine transportation	1,119,549 145,248 2,848	908,694 152,898 2,998	39,310 5,100 100	100.00 100.00 100.00	3,725,099 861,121 68,922	178,240 130,341 (266)	Note Note Note	
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd. Hong Kong Concrete Co., Ltd.	Hong Kong Hong Kong	Investment holding Cement processing services	163,415 25,057	171,246 26,238	100 129	50.00 31.50	130,615 151,692	(25,342) (20,297)	Note Note	
Taiwan Cement Dutch	Cimpor Global Holdings B.V.	Netherlands	Holding company	27,014,590	29,380,273	100	40.00	28,748,060	761,857	Note	

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance from Investment from January 1, 2020 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance from Investment from December 31, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outflow	Inflow							
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	\$ 462,800	(b)	\$ 261,482	\$ -	\$ -	\$ 261,482	\$ (10,846)	100.00	\$ (10,846)	\$ 945,906	\$ -	Note 6
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facilities	142,400	(b)	80,456	-	-	80,456	5,912	100.00	5,912	276,565	-	Note 6
TCC Luzhou Construction Materials Company Limited	Manufacturing and sale of slag powder	384,480	(b)	92,275	-	-	92,275	121,569	42.00	51,059	400,856	-	Note 6
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,245,312	(b)	4,527,209	-	-	4,527,209	4,729,788	100.00	4,729,788	30,479,983	-	Note 6
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	6,635,840	(b)	3,873,138	-	-	3,873,138	2,087,629	100.00	2,087,629	18,060,978	-	Note 6
TCC (Guigang) Cement Ltd.	Manufacturing and sale of cement	9,480,306	(b)	6,781,085	-	-	6,781,085	3,349,751	100.00	3,349,751	26,954,645	-	Note 6
Jiangsu TCC Investment Co., Ltd.	Investment	1,424,000	(b)	804,560	-	-	804,560	585,652	100.00	585,652	4,017,167	-	Note 6
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,873,837	(b)	3,093,871	-	-	3,093,871	2,565,072	100.00	2,565,072	18,018,965	-	Note 6
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,623,867	(b)	1,269,681	-	-	1,269,681	88,067	100.00	88,067	1,753,961	-	Note 6
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,371,395	(b)	3,184,804	-	-	3,184,804	95,316	100.00	95,316	7,640,155	-	Note 6
TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	3,360,640	(b)	2,429,952	-	-	2,429,952	1,082,499	100.00	1,082,499	9,372,765	-	Note 6
Guangan Changqing Cement Co., Ltd.	Manufacturing and sale of cement	2,192,675	(b)	1,591,900	-	-	1,591,900	643,238	100.00	643,238	5,466,228	-	Note 6
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	569,600	(b)	321,824	-	-	321,824	(10,405)	100.00	(10,405)	316,792	-	Note 6
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	578,144	(b)	260,597	-	-	260,597	65.00	100.00	(38,464)	463,482	-	Note 6
TCC New (Hangzhou) Management Company Limited	Operation management	227,840	(b)	128,750	-	-	128,750	147	100.00	147	175,761	-	Note 6
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,705,544	(b)	1,018,855	-	-	1,018,855	(14,353)	100.00	(14,353)	3,759,184	-	Note 6
TCC Shaoguan Cement Co., Limited	Manufacturing and sale of cement	1,967,968	(b)	1,844,080	-	-	1,844,080	(35,746)	100.00	(35,746)	1,937,855	-	Note 6
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,157,625	(b)	2,940,765	-	-	2,940,765	91,694	100.00	91,694	3,748,106	-	Note 6
TCC Huahua Cement Company Limited (Note 4)	Manufacturing and sale of cement	1,313,100	(b)	5,383,341	-	-	5,383,341	259,276	100.00	259,276	4,644,406	-	Note 6
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	656,550	(b)	-	-	-	-	80,952	100.00	80,952	2,124,317	-	Note 6
TCC Huahua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	43,770	(b)	-	-	-	-	(7,381)	100.00	(7,381)	43,395	-	Note 6
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	113,920	(b)	356,196	-	-	356,196	62,010	100.00	62,010	318,215	-	Note 6
TCC Yingde Mining Industrial Company Limited	Mining excavation	327,520	(b)	257,677	-	-	257,677	4,917	100.00	4,917	390,274	-	Note 6
TCC Guigang Mining Industrial Company Limited	Mining excavation	142,400	(b)	122,995	-	-	122,995	12,361	100.00	12,361	384,797	-	Note 6
Seitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	641,274	(b)	-	-	-	-	75,341	100.00	75,341	570,570	-	Note 6
Seitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	1,728,915	(b)	-	-	-	-	224,423	100.00	224,423	3,144,787	-	Note 6
Seitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	101,765	(b)	-	-	-	-	144	100.00	144	52,246	-	Note 6
Seitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	109,425	(b)	-	-	-	-	(10,231)	100.00	(10,231)	114,379	-	Note 6
Anshun Xin Tai Construction Materials Company Limited	Sand and gravel and sale of ready-mixed concrete	65,655	(b)	87,528	-	-	87,528	279	100.00	279	63,620	-	Note 6
Fuzhou TCC Information Technology Co., Ltd. (Note 5)	Software product and equipment maintenance	2,955	(b)	2,955	-	-	2,955	1,821	100.00	1,821	13,511	39,372	Note 6
Da Tong (Guigang) International Logistics Co., Ltd. (Note 5)	Logistics and transportation	142,400	(b)	-	-	-	-	130,518	100.00	130,518	845,714	-	Note 6
Da Tong (Ying De) Logistics Co., Ltd. (Note 5)	Logistics and transportation	21,885	(b)	-	-	-	-	13,664	100.00	13,664	123,515	-	Note 6
Guigang Da-Ho Shipping Co., Ltd. (Note 5)	Marine transportation	17,508	(b)	-	-	-	-	83,238	100.00	83,238	473,232	-	Note 6

(Continued)

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outflow	Inflow							
Prosperity Conch Cement Co., Ltd.	Manufacturing and sale of cement	\$ 2,538,660	(b)	\$ 2,096,867	\$ -	\$ -	\$ 2,096,867	\$ 5,373,904	\$ 25.00	\$ 1,343,476	\$ 7,247,911	\$ -	Note 3
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,611,025	(b)	1,367,066	-	-	1,367,066	873,312	30.00	261,994	1,742,842	-	Note 3
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	1,805,863	(b)	661,995	-	-	661,995	1,015,003	30.00	304,501	1,140,060	-	Note 3
Sichuan Fanchang Building Material Group Company Limited	Manufacturing and sale of cement	875,400	(b)	330,926	-	-	330,926	295,534	30.00	88,660	488,397	-	
Yingjing Xinan New material Co., Ltd.	Manufacturing and sale of cement	87,540	(b)	-	-	-	-	-	30.00	-	(167,446)	-	
Guangan Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	67,844	(b)	45,178	-	-	45,178	-	50.00	-	-	-	
Guigang TCC Dongyuan Environmental Technology Company Limited	Dangerous waste treatment	512,109	(b)	512,109	-	-	512,109	28,960	100.00	28,960	570,171	-	Note 6
Beijing TCC Environment Technology Co., Ltd.	Technology development, business management and sales	26,262	(b)	26,262	-	-	26,262	(26,025)	100.00	(26,025)	(21,092)	-	Note 6
TCC (Hangzhou) Environment Technology Limited	Environment, cement, business management consulting	3,063,900	(b)	3,063,900	-	-	3,063,900	(237,730)	100.00	(237,730)	2,659,071	-	Note 6
Kaifu TCC Environment Technology Co., Ltd.	Waste collection and treatment	13,131	(b)	13,131	-	-	13,131	(3,915)	100.00	(3,915)	24,081	-	Note 6
TCC Juyuan (Xiyong) Environmental Technology Co., Ltd.	Technology development, business management and sales	17,508	(b)	9,629	-	-	9,629	551	55.00	303	8,743	-	Note 6
TCC (Hangzhou) Recycle Resource Technology Limited	Resource recycling technology development, business management and sales	2,451,120	(b)	-	-	-	-	4,117	100.00	4,117	2,451,903	-	Note 6
Guangan TCC Jiyuan Environmental Protection Technology Co., Ltd.	Technology development, business management consulting	8,754	(b)	-	-	-	-	(10)	45.00	(4)	3,929	-	
Guigang Conch-TCC New Material Technology Co., Ltd.	Technology development and service, Manufacturing and sale of dedicated chemical production	13,131	(b)	-	-	-	-	(2,881)	40.00	(1,152)	4,065	-	
Jurong TCC Environmental Co., Ltd.	Dangerous waste treatment	656,550	(b)	-	-	-	-	-	100.00	-	655,631	-	Note 6

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$69,574,958	\$70,216,895	(Note 7)

Note 1: The method of investments were as two follows:

- Direct investment in mainland companies.
- Investments in mainland China companies were through a company invested and established in a third region.

Note 2: Including outward remittance from offshore subsidiaries.

Note 3: Investment gain (loss) was based on the associates' audited financial statements except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considers that there would be no significant adjustments if such financial statements were to be audited.

Note 4: As of December 31, 2020, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

Note 5: Including the amounts attributable to non-controlling interests.

Note 6: All intercompany transactions have been eliminated upon consolidation.

Note 7: The Corporation received a confirmation letter of Operation Headquarter from the Industrial Development Bureau of the MOEA in March 2020 stating that the Corporation is not limited by the restriction on the accumulated percentage or amount of investment in mainland China.

B. Refer to Tables 1, 2, 4, 6 and 10 for the information about significant transactions with investees in the mainland China either directly or indirectly through a third area.

(Concluded)

**TAIWAN CEMENT CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			% of Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
0	Taiwan Cement Corporation	Feng Sheng Enterprise Company  Taiwan Transport & Storage Corporation Hoping Industrial Port Corporation Ho Sheng Mining Co., Ltd. Jin Chang Minerals Corporation Kuan-Ho Refractories Industry Corporation TCCIH HKCCL	1  1 1 1 1 1 1 1	Operating revenue Operating costs and expenses Accounts receivable from related parties Operating costs and expenses Operating costs and expenses Operating costs and expenses Operating costs and expenses Operating revenue Operating revenue	\$ 447,418 211,093 117,249 638,719 520,793 686,835 180,746 254,573 437,173 481,404	30 days 30 days 30 days 30 days 20 days 30 days 30 days By contract By contract 65 days after the end of the day shipment was made 30 days 30 days 50 days after the end of the day delivery was made 50 days after the end of the day delivery was made By contract	0.4 0.2 - 0.6 0.5 0.6 0.2 0.4 0.4
		Ta-Ho Maritime Corporation  E.G.C. Cement Corporation	1  1	Operating costs and expenses Accounts payables to related parties Operating revenue	1,446,657 355,118 484,272	30 days 30 days 50 days after the end of the day delivery was made 50 days after the end of the day delivery was made By contract	1.3 0.1 0.4
1	Ho-Ping Power Company	Hoping Industrial Port Corporation HPC Power Service Corporation	3 3	Accounts receivable from related parties Lease liabilities - non-current	138,432 253,553		- 0.1
2	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Operating costs and expenses Operating costs and expenses Accounts payables to related parties	1,129,955 484,855 101,189	20 days By contract By contract	1.0 0.4 -
3	Taiwan Transport & Storage Corporation	Taiwan Prosperity Chemical Corporation Hoping Industrial Port Corporation	3 3	Finance lease receivables Long-term finance lease receivables	155,641 936,572	By contract By contract	- 0.2
4	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd.	3	Operating revenue Operating revenue	194,533 216,487	By contract 30 days	0.2 0.2
5	Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd.  TCC Yingde Cement Co., Ltd.	3 3	Operating revenue Accounts receivable from related parties Operating revenue	625,239 241,794 516,257 223,211 305,738	By negotiation By negotiation By negotiation By negotiation By negotiation	0.5 0.1 0.5 0.1 0.3

(Continued)



Note 1: All intercompany transactions have been eliminated upon consolidation. The directional flow of the investment relationship is represented by the following numerals:

- a. From parent to subsidiary: 1.
- b. From subsidiary to parent: 2.
- c. Between subsidiaries: 3.

Note 2: This table includes transactions for amounts over \$100 million.

(Concluded)

# TAIWAN CEMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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### 1. GENERAL INFORMATION

Taiwan Cement Corporation (the “Corporation”) was incorporated in 1946 and was restructured as a company limited by shares in 1951, which was jointly operated by the Ministry of Economics Resource Committee and the Taiwan Provincial Government. In 1954, the Corporation privatized as a result of the Taiwan government’s land reform program, land-to-the-tiller policy. The Corporation engages in the manufacture and marketing of cement, cement-related products and ready-mixed concrete. The Corporation’s shares have been listed on the Taiwan Stock Exchange since February 1962.

The financial statements are presented in New Taiwan dollars, the functional currency of the Corporation.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors on March 19, 2021.

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

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

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

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

- c. The New IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by FSC

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

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

#### Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Corporation shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Corporation will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Corporation must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Corporation’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Corporation’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

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

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

For the purpose of presenting the financial statements, the functional currencies of the Corporation and its foreign operations (including subsidiaries and associates in other countries that use currencies that are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Corporation's entire interest in a foreign operation or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculations involved in the equity-method transaction but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

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

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, investments in a subsidiary are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of the equity of its subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of such investments and the fair value of the consideration paid or received.

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

Any excess of the cost of an acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of the acquisition is recognized immediately in profit or loss. When the Company acquires a subsidiary that does not constitute a business, the Company appropriately allocates the cost of acquisition to the Company's share of the amounts of the identifiable assets acquired (including intangible assets) and liabilities assumed, and the transaction does not give rise to goodwill nor gains.

The Corporation assesses its investments for any impairment by comparing the respective carrying amounts with the estimated recoverable amounts as assessed based on the entire financial statements of its investee companies. Impairment loss is recognized when the carrying amount of any such investment exceeds the recoverable amount. If the recoverable amount of an investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.



Profits or losses resulting from downstream transactions are eliminated in full only in the Corporation's parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the Corporation's financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments in associates

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

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

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

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

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any assets, including goodwill, that form part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on its initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, the Corporation continues to apply the equity method and does not remeasure the retained interest.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation' financial statements only to the extent that interests in the associate are related to the Corporation.

h. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

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

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its carrying amount at the commencement of owner-occupation. On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use assets, intangible assets other than goodwill

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

Intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, without considering the collateral held, the Corporation determines that a financial asset is in default when internal or external information show that the debtor is unlikely to pay its creditors, unless there is reasonable and corroborative information to support a more lagged default criterion.

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

## 2) Equity instruments

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

## 3) Financial liabilities

### a) Subsequent measurement

Except for financial liabilities at FVTPL, all financial liabilities are carried at amortized cost using the effective interest method.

Financial liabilities are classified as at fair value through profit or loss when any such financial liability is held for trading. Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

### b) Derecognition of financial liabilities

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

## 4) Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.



## 5) Derivative financial instruments

The Corporation enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

### m. Revenue recognition

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

- 1) Revenue from the sale of goods is recognized when the goods are delivered to customer' specific location and the ownership of the goods is transferred to customer.
- 2) Service income is recognized by reference to the stage of completion of the contract or when services are provided.

### n. Leases

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

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

#### 1) The Corporation as lessor

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

Under finance leases, the lease payments comprise in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Corporation's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

## 2) The Corporation as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decrease the scope of the lease, and recognizes in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

### o. Borrowing costs

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

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

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

### p. Employee benefits

#### 1) Short-term employee benefits

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

## 2) Retirement benefits

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

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

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

## 3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

## q. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees and treasury shares transferred to employees is the date on which the number of shares that the employees purchase is confirmed.

## r. Taxation

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

### 1) Current tax

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

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

### 2) Deferred tax

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

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

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

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

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

### 3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, and in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the acquisition of a subsidiary.

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

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

The Corporation considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **Investments Accounted for Using the Equity Method**

The Corporation immediately recognizes impairment loss on its net investments in subsidiaries and associates when there is any indication that an investment may be impaired and the carrying amount may not be recoverable. The Corporation's management evaluates such impairment based on the estimated future cash flow expected to be generated by the investments accounted for using the equity method. The Corporation also takes into consideration the market conditions and industry developments to evaluate the appropriateness of the relevant assumptions.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 1,286	\$ 1,311
Checking accounts and demand deposits	5,478,962	1,006,384
Cash equivalents		
Time deposits with original maturities of less than 3 months	6,000,000	4,209,698
Bonds issued under repurchase agreements	<u>528,166</u>	<u>1,448,854</u>
	<u>\$ 12,008,414</u>	<u>\$ 6,666,247</u>

The market rate intervals of cash in banks, time deposits and bonds issued under repurchase agreements at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash in banks	0.01%-0.39%	0.01%-1.56%
Time deposits with original maturities of less than 3 months	0.23%-0.35%	0.55%-2.36%
Bonds with repurchase agreements	0.21%-0.40%	0.50%-0.55%

Financial assets at amortized cost are mainly time deposits with original maturities of more than 3 months:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current	\$ 4,900,000	\$ -
Non-current (included in other non-current assets)	<u>507,545</u>	<u>328,833</u>
	<u>\$ 5,407,545</u>	<u>\$ 328,833</u>

The market rate intervals of time deposits with original maturities of more than 3 months at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
	0.10%-0.84%	0.13%-1.09%

Refer to Note 28 for information relating to pledged financial assets at amortized cost.

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

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Redemption options and put options of convertible bonds	\$ 17,092	\$ 1,235
Non-derivative financial assets		
Domestic listed shares	171,613	160,957
Domestic emerging market shares	<u>101,931</u>	<u>96,910</u>
	<u>\$ 290,636</u>	<u>\$ 259,102</u>

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

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
<u>Current</u>		
Domestic investments		
Listed shares	\$ 3,374,595	\$ 3,613,865
Convertible preference shares	<u>30,002</u>	<u>31,332</u>
	<u>\$ 3,404,597</u>	<u>\$ 3,645,197</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 5,653,008</u>	<u>\$ 5,334,757</u>

## 9. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Notes receivable	\$ 1,171,973	\$ 1,112,966
Less: Allowance for impairment loss	<u>(10,938)</u>	<u>(10,517)</u>
	<u>1,161,035</u>	<u>1,102,449</u>
Accounts receivable	3,658,852	3,527,300
Less: Allowance for impairment loss	<u>(35,792)</u>	<u>(37,056)</u>
	<u>3,623,060</u>	<u>3,490,244</u>
	<u>\$ 4,784,095</u>	<u>\$ 4,592,693</u>

The Corporation recognizes allowance for impairment loss on account receivable on the basis of individual customers for which credit losses have actually taken place. Moreover, the Corporation separates all customers into different segments based on their risks and determines their expected credit loss rates by reference to past default experience with the counterparties and analysis of their current financial positions. The Corporation recognizes an allowance for impairment loss of 100% against past due receivables which have an indication of impairment.



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

The aging analysis of receivables was as follows:

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Up to 90 days	\$ 4,682,113	\$ 4,443,476
91-180 days	78,266	129,178
181-365 days	4,410	11,403
Over 365 days	<u>19,306</u>	<u>8,636</u>
	<u>\$ 4,784,095</u>	<u>\$ 4,592,693</u>

The above aging schedule was based on the number of days past due from the invoice date

The movements of the allowance for doubtful notes and accounts receivable were as follows:

	<u>For the Year Ended December 31</u>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 47,573	\$ 43,171
Add: Net remeasurement of loss allowance	1,754	6,725
Less: Amounts written off	<u>(2,597)</u>	<u>(2,323)</u>
Balance at December 31	<u>\$ 46,730</u>	<u>\$ 47,573</u>

## 10. INVENTORIES

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Finished goods	\$ 416,899	\$ 501,088
Work in process	307,655	447,633
Raw materials	250,702	215,211
Supplies	<u>254,488</u>	<u>251,290</u>
	<u>\$ 1,229,744</u>	<u>\$ 1,415,222</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$17,628,959 thousand and \$17,260,649 thousand, respectively. The cost of goods sold included inventory write-downs of \$0 thousand and \$4,851 thousand for 2020 and 2019, respectively.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Investments in subsidiaries	\$ 239,635,156	\$ 222,099,090
Investments in associates	<u>8,828,065</u>	<u>8,955,965</u>
	<u>\$ 248,463,221</u>	<u>\$ 231,055,055</u>

### a. Investments in subsidiaries

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Listed company		
Taiwan Prosperity Chemical Corporation	\$ 734,888	\$ 658,029
Unlisted companies		
TCC International Ltd. (“TCCP”)	111,330,984	103,716,200
TCC International Holdings Ltd. (“TCCIH”)	56,398,941	49,332,748
Taiwan Cement (Dutch) Holdings B.V. (Taiwan Cement Dutch)	29,075,184	27,952,597
Ho-Ping Power Company	18,279,509	17,378,914
Hoping Industrial Port Corporation	5,733,662	5,703,414
TCC Investment Corporation	4,624,367	4,451,678
TCC Green Energy Corporation	3,149,254	3,164,031
Ta-Ho Maritime Corporation	2,684,377	2,575,734
Taiwan Transport & Storage Corporation	2,002,162	1,965,859
TCC Chemical Corporation	1,384,605	1,255,735
Ho Sheng Mining Co., Ltd.	1,319,558	1,181,433
Taiwan Cement Engineering Corporation	720,745	732,796
Kuan-Ho Refractories Industry Corporation	513,065	450,426
Hong Kong Cement Manufacturing Co., Ltd.	419,033	378,032
Feng Sheng Enterprise Company	401,193	362,317
TCC Information Systems Corporation	251,518	238,516
Ta-Ho Onyx RSEA Environment Co., Ltd.	187,876	193,848
Jin Chang Minerals Corporation	183,553	178,884
E.G.C. Cement Corporation	118,558	112,235
HPC Power Service Corporation	118,401	113,640
Tung Chen Mineral Corporation	1,269	1,311
TCC Energy Storage Technology Corporation	984	-
TCC Sustainable Energy Investment Corporation	975	-
TCCMOLI Holdings (Singapore) Pte. Ltd. (“TCCMOLI”)	<u>495</u>	<u>713</u>
	<u>\$ 239,635,156</u>	<u>\$ 222,099,090</u>

	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Listed company		
Taiwan Prosperity Chemical Corporation (Notes 1 and 4)	71.1%	40.0%
Unlisted companies		
TCCI	100.0%	100.0%
TCCIH	38.3%	38.3%
Taiwan Cement Dutch (Note 2)	100.0%	100.0%
Ho-Ping Power Company	59.5%	59.5%
Hoping Industrial Port Corporation	100.0%	100.0%
TCC Investment Corporation	100.0%	100.0%
TCC Green Energy Corporation	100.0%	100.0%
Ta-Ho Maritime Corporation	64.8%	64.8%
Taiwan Transport & Storage Corporation	83.9%	83.9%
TCC Chemical Corporation	100.0%	100.0%
Ho Sheng Mining Co., Ltd.	100.0%	100.0%
Taiwan Cement Engineering Corporation (Note 1)	99.2%	99.0%
Kuan-Ho Refractories Industry Corporation	95.3%	95.3%
HKCMCL	84.7%	84.7%
Feng Sheng Enterprise Company (Note 4)	45.4%	45.4%
TCC Information Systems Corporation	99.4%	99.4%
Ta-Ho Onyx RSEA Environment Co., Ltd.	66.6%	66.6%
Jin Chang Minerals Corporation	100.0%	100.0%
E.G.C. Cement Corporation	50.6%	50.6%
HPC Power Service Corporation	60.0%	60.0%
Tung Chen Mineral Corporation	99.5%	99.5%
TCC Energy Storage Technology Corporation (Note 3)	100.0%	-
TCC Sustainable Energy Investment Corporation (Note 3)	100.0%	-
TCCMOLI (Note 3)	100.0%	100.0%
TMC (Note 5)	72.7%	72.7%
TPMC (Notes 4 and 5)	40.0%	40.0%

Note 1: The board of directors of the Corporation approved the tender offer of the ordinary shares of Taiwan Prosperity Chemical Corporation with \$18 per share in July 2020 and approved the share swap by cash for the acquisition of 100% shares of Taiwan Prosperity Chemical Corporation and the delisting of the shares of Taiwan Prosperity Chemical Corporation in accordance with the applicable laws and regulations. As of December 31, 2020, the Corporation had conducted the tender offer of 31.1% of the ordinary shares and the total amount was \$738,955 thousand. The date of the share swap of the remaining shares is temporarily set on January 18, 2021. The Corporation paid \$934 thousand to acquire the shares of Taiwan Cement Engineering Corporation.

Note 2: The Corporation invested \$224,758 thousand in the capital of Taiwan Cement Dutch in 2020.

Note 3: The Corporation invested \$1,000 thousand in the establishments of TCC Energy Storage Technology Corporation and TCC Sustainable Energy Investment Corporation in 2020, respectively. The Corporation invested \$929 thousand in the establishment of TCCMOLI in the second half of 2019.



Note 1: The Corporation invested \$1,000 thousand for the establishment of TCC Recycling Energy Company in June 2019. TCC Recycle Energy Technology Company increased its capital in August 2019. However, the Corporation subscribed for the shares in the amount of \$340,200 thousand, which was not based on its existing shareholding percentage, thus, its percentage of ownership decreased from 100% to 17.6%. In August 2019, the board of directors of both TCC Recycle Energy Technology Company and E-ONE Moli Energy Corp. resolved to enter into a share swap agreement according to the Business Mergers and Acquisitions Act, under which TCC Recycle Energy Technology Company shall issue preferred shares A which are to be converted into ordinary shares of E-ONE Moli Energy Corp. at the ratio of 1:1. In the fourth quarter of 2019, the Corporation chose to fully convert the ordinary shares of E-ONE Moli Energy Corp. into the preferred shares A of TCC Recycling Energy Company with a book value of \$1,006,394 thousand, and converted them into ordinary shares at the ratio of 1:1 in accordance with the terms and conditions for the issuance of preferred shares. Thus, the Corporation's percentage of ownership in TCC Recycling Energy Company increased from 17.6% to 18.2%.

Note 2: The Corporation's ownership percentage in International CSRC Investment Holdings Co., Ltd. is less than 20%; however, the Corporation has significant influence and therefore accounts for the investment by using the equity method.

The aforementioned investments in associates accounted for using the equity method and the share of profit or loss and other comprehensive income of these associates for the years ended December 31, 2020 and 2019 were based on the associates' audited financial statements for the same periods.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 18,117,555	\$ 15,870,687	\$ 20,096,838	\$ 3,613,354	\$ -	\$ 57,698,434
Additions	11,277	5,176	110,827	236,173	-	363,453
Disposals	-	-	(146,859)	(74,748)	-	(221,607)
Reclassification	-	2,330	55,111	2,125	-	59,566
Balance at December 31, 2019	<u>\$ 18,128,832</u>	<u>\$ 15,878,193</u>	<u>\$ 20,115,917</u>	<u>\$ 3,776,904</u>	<u>\$ -</u>	<u>\$ 57,899,846</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2019	\$ 274,188	\$ 7,830,377	\$ 19,190,210	\$ 3,396,353	\$ -	\$ 30,691,128
Depreciation expenses	-	317,403	186,090	61,876	-	565,369
Disposals	-	-	(146,730)	(74,729)	-	(221,459)
Balance at December 31, 2019	<u>\$ 274,188</u>	<u>\$ 8,147,780</u>	<u>\$ 19,229,570</u>	<u>\$ 3,383,500</u>	<u>\$ -</u>	<u>\$ 31,035,038</u>
Carrying amounts at December 31, 2019	<u>\$ 17,854,644</u>	<u>\$ 7,730,413</u>	<u>\$ 886,347</u>	<u>\$ 393,404</u>	<u>\$ -</u>	<u>\$ 26,864,808</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 18,128,832	\$ 15,878,193	\$ 20,115,917	\$ 3,776,904	\$ -	\$ 57,899,846
Additions	2,066,887	180,094	213,164	170,297	314,378	2,944,820
Disposals	(18,843)	(14,587)	(96,230)	(82,263)	-	(211,923)
Reclassification	1,383,270	57,226	490,095	26,182	(34,135)	1,922,638
Balance at December 31, 2020	<u>\$ 21,560,146</u>	<u>\$ 16,100,926</u>	<u>\$ 20,722,946</u>	<u>\$ 3,891,120</u>	<u>\$ 280,243</u>	<u>\$ 62,555,381</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
Accumulated depreciation and impairment						
Balance at January 1, 2020	\$ 274,188	\$ 8,147,780	\$ 19,229,570	\$ 3,383,500	\$ -	\$ 31,035,038
Depreciation expenses	-	319,270	193,855	74,218	-	587,343
Disposals	-	(14,587)	(96,230)	(81,458)	-	(192,275)
Reclassification	534,716	-	-	-	-	534,716
Balance at December 31, 2020	<u>\$ 808,904</u>	<u>\$ 8,452,463</u>	<u>\$ 19,327,195</u>	<u>\$ 3,376,260</u>	<u>\$ -</u>	<u>\$ 31,964,822</u>
Carrying amounts at December 31, 2020	<u>\$ 20,751,242</u>	<u>\$ 7,648,463</u>	<u>\$ 1,395,751</u>	<u>\$ 514,860</u>	<u>\$ 280,243</u>	<u>\$ 30,590,559</u>

(Concluded)

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

Buildings	
Main buildings	50 years
Main plants	15-50 years
Storage units	35-50 years
Others	20-50 years
Machinery and equipment	8-28 years
Miscellaneous equipment	2-20 years

Property, plant and equipment pledged as collateral for performance bonds are set out in Note 28.

Acquisitions of property, plant and equipment included non-cash items and were reconciled as follows:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Acquisitions of property, plant and equipment	\$ 2,944,820	\$ 363,453
Increase in prepayments for equipment	123,460	650,869
Increase in payables for equipment	<u>(23,374)</u>	<u>(73,585)</u>
	<u>\$ 3,044,906</u>	<u>\$ 940,737</u>

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Carrying amounts</u>		
Land	\$ 200,458	\$ 174,101
Buildings	854,454	1,000,085
Machinery	224,582	205,660
Others	<u>34,697</u>	<u>34,492</u>
	<u>\$ 1,314,191</u>	<u>\$ 1,414,338</u>



	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 157,052</u>	<u>\$ 74,337</u>
Depreciation charge for right-of-use assets		
Land	\$ 75,222	\$ 63,695
Buildings	148,373	150,216
Machinery	103,293	93,754
Others	<u>13,157</u>	<u>11,820</u>
	<u>\$ 340,045</u>	<u>\$ 319,485</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amounts</u>		
Current	<u>\$ 259,111</u>	<u>\$ 289,436</u>
Non-current	<u>\$ 1,071,273</u>	<u>\$ 1,133,140</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Land	1.79%-1.85%	1.85%
Buildings	1.85%	1.85%
Machinery	1.85%-1.90%	1.85%-1.90%
Other	1.85%-1.90%	1.85%-1.90%

c. Important tenancy activities and terms

The Corporation leases certain land and buildings for use as plants and offices. The Corporation does not have bargain purchase options to acquire the leased premises at the end of the lease terms.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	<u>\$ 24,952</u>	<u>\$ 41,159</u>
Expenses relating to low-value asset leases	<u>\$ 56</u>	<u>\$ -</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 37,018</u>	<u>\$ 25,296</u>
Total cash outflow for leases	<u>\$ (390,657)</u>	<u>\$ (386,669)</u>

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

## 14. INVESTMENT PROPERTIES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 2,494,241	\$ 3,342,795
Buildings	<u>9,108</u>	<u>9,196</u>
	<u>\$ 2,503,349</u>	<u>\$ 3,351,991</u>

The buildings of the investment properties are depreciated over their estimated useful lives of 50 years, using the straight-line method. The Corporation transfers land used by the Corporation of \$848,554 thousand to property, plant and equipment in 2020.

The fair values of the investment properties were determined by independent qualified professional valuers or the Corporation's management using market prices of similar properties. As of December 31, 2020 and 2019, the fair values of investment properties were \$6,072,600 and \$8,736,723 thousand, respectively.

## 15. BORROWINGS

### a. Short-term loans

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Unsecured borrowings		
Bank loans - unsecured	\$ 23,048,000	\$ 16,050,000
Bank loans - letters of credit	<u>303,729</u>	<u>275,928</u>
	<u>\$ 23,351,729</u>	<u>\$ 16,325,928</u>
Interest rate	0.62%-0.98%	0.82%-2.77%

### b. Long-term loans and long-term bills payables

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Syndicated loans	\$ 21,453,417	\$ 21,431,917
Less: Current portions	<u>4,300,000</u>	<u>-</u>
	<u>17,153,417</u>	<u>21,431,917</u>
Long-term bills payables	5,000,000	10,828,000
Less: Discount of long-term bills payables	<u>8,673</u>	<u>21,503</u>
	<u>4,991,327</u>	<u>10,806,497</u>
	<u>\$ 22,144,744</u>	<u>\$ 32,238,414</u>
Interest rate - syndicated loan	1.79%	1.79%
Interest rate - long-term bills payables	1.19%	1.32%

The Corporation entered into a 5-year syndicated loan agreement with a bank consortium with a credit line of \$43 billion in March 2018, which was divided into two tranches, A and B. The key terms and conditions are set forth below:

- 1) The credit facility of Tranche A is \$21.5 billion non-revolving credit line. The Corporation has fully utilized in 2019, respectively. Starting from March 2021, its principal shall be repaid equally in 5 semi-annual installments and shall mature in March 2023; interest shall be paid quarterly.
- 2) The credit facility of Tranche B which is the nature of long-term bills payable is \$21.5 billion and shall be fully drawn down on a revolving basis. The period of each actual drawdown can be at least 30 but not over 180 days, and the maturity date of each drawdown period shall not exceed the credit period. The final maturity date shall be in March 2023.

There were several financial limited terms of long-term loans and long-term bills payables as mentioned above. The Corporation had not violated them for the year ended December 31, 2020.

## 16. BONDS PAYABLE

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Domestic unsecured bonds	\$ 44,600,000	\$ 24,600,000
Less: Discounts on bonds payable	<u>83,620</u>	<u>55,240</u>
	<u>44,516,380</u>	<u>24,544,760</u>
Overseas unsecured convertible bonds	10,308,070	12,663,477
Less: Discounts on bonds payable	<u>927,080</u>	<u>1,508,459</u>
	<u>9,380,990</u>	<u>11,155,018</u>
	<u>\$ 53,897,370</u>	<u>\$ 35,699,778</u>

On September 16, 2020, the board of directors of the Corporation resolved to issue domestic unsecured bonds which have the face value of no more than NT\$10,000,000 thousand or issue overseas unsecured bonds which have the face value of no more than US\$330,000 thousand. The above plans can be executed alternatively or both. As of the date the financial statements were authorized for issue, the Corporation has not issued any of the abovementioned bonds.

On September 16, 2020, the board of directors of the Corporation resolved to issue domestic green or social responsibility unsecured bonds at the price not exceeding NT\$15,000,000 thousand (or its equivalent in US dollars) denominated in TWD or USD; issue overseas green or social responsibility unsecured bonds denominated in USD; or deal overseas private placement of green or social responsibility unsecured bonds. The above plans can be executed alternatively or all at the same time. As of the date the financial statements were authorized for issue, the Corporation has not issued any of the abovementioned bonds.

### a. Domestic unsecured bonds

The Corporation issued domestic unsecured bonds at par value in the aggregate amount of NT\$12,000,000 thousand on June 21, 2018, with a fixed coupon rate of 1.7% per annum. The bonds have a maturity period of 15 years, and a one-off payment of principal should be made in full on June 21, 2033 and with interest paid annually.

The Corporation issued domestic unsecured bonds at par value in the aggregate amount of NT\$12,600,000 thousand on June 14, 2019, with a fixed coupon rate of 0.85% per annum. The bonds have a maturity period of 5 years, and a one-off payment of principal should be made in full on June 14, 2024 and with interest paid annually.

The Corporation issued domestic unsecured bonds at par value in the aggregate amount of NT\$20,000,000 thousand on April 15, 2020. According to the issuance conditions, the unsecured bonds are classified into bonds A and bonds B, with a fixed coupon rate of 0.69% and 0.93% per annum, and with the issuance amounts of NT\$5,200,000 thousand and NT\$14,800,000 thousand, respectively. The bonds will be repaid in a one-off payment on April 15, 2027 and April 15, 2035, respectively, while the interests will be paid annually.

b. Overseas unsecured convertible bonds

In June 2018, the Corporation's board of directors resolved to issue overseas unsecured convertible bonds for the first time. This proposal was approved and became effective under the letter issued by the Financial Supervisory Commission ("FSC") dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 10703258532). The bonds which have a maturity period of 5 years were listed on the Singapore Stock Exchange on December 10, 2018. This zero-coupon overseas convertible bonds have a face value of US\$400,000 thousand.

Bondholders may request the Corporation to convert the bonds into the Corporation's ordinary shares at the price of NT\$41 per share at any time within the period from the following day after three months from the issuance date to 10 days prior to the maturity date. The conversion price after the issuance of convertible bonds will be adjusted according to the anti-dilution clause of the 2018 First Overseas Unsecured Convertible Bonds Issuance and Conversion Rules of the Corporation. The conversion price have been adjusted from NT\$41 per share to NT\$35.49 per share and from NT\$35.49 per share to NT\$31.93 per share since August 19, 2019 and August 18, 2020, i.e. the ex-dividend date. Bondholders can request the Corporation to convert the bonds at a fixed exchange rate of US\$1 = NT\$30.878, which is to be divided by the conversion price per share on the conversion date. As of December 31, 2020, a total of 71,755 thousand shares had been converted.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 3.27% per annum on initial recognition.

	<b>December 31, 2020</b>
Proceeds from issuance (less transaction costs of \$103,353 thousand)	\$ 12,247,847
Redemption of option derivatives (accounting for financial liabilities measured at FVTPL) and transaction costs	(159,222)
Equity component (less transaction costs allocated to the equity component of \$11,038 thousand)	<u>(1,308,070)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$90,971 thousand)	10,780,555
Interest charged at an effective interest rate of 3.27%	<u>20,294</u>
Liability component at December 31, 2018	10,800,849
Interest charged at an effective interest rate of 3.27%	<u>354,169</u>
Liability component at December 31, 2019	11,155,018
Interest charged at an effective interest rate of 3.27%	358,292
Convertible bonds converted to ordinary shares (71,755 thousand shares has been converted)	<u>(2,132,320)</u>
Liability component at December 31, 2020	<u>\$ 9,380,990</u>

## 17. OTHER PAYABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Salaries and bonuses payable	\$ 772,405	\$ 928,855
Payable for interests	329,422	200,846
Payable for repairs	306,331	255,689
Payable for equipment	174,985	151,166
Taxes payable	149,629	124,617
Payables for electricity	76,059	77,249
Freight payables	61,436	60,891
Payable for rentals	34,541	156,604
Others	<u>295,142</u>	<u>268,439</u>
	<u>\$ 2,199,950</u>	<u>\$ 2,224,356</u>

## 18. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

### b. Defined benefit plan

The defined benefit plan adopted by the Corporation, which is in accordance with the Labor Standards Law, is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to a specified percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Corporation has no right to influence the investment policy and strategy.

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Present value of defined benefit obligation	\$ (679,318)	\$ (688,627)
Fair value of plan assets	<u>2,228,366</u>	<u>2,107,317</u>
Net defined benefit assets	<u>\$ 1,549,048</u>	<u>\$ 1,418,690</u>

Movements in net defined benefit assets were as follows:

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Asset</b>
Balance at January 1, 2019	\$ (683,569)	\$ 1,674,672	\$ 991,103
Service costs			
Current service costs	(3,754)	-	(3,754)
Net interest income (expense)	(6,828)	16,763	9,935
Recognized in profit or loss	(10,582)	16,763	6,181
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	443,154	443,154
Actuarial loss - changes in demographic assumptions	(3)	-	(3)
Actuarial loss - changes in financial assumptions	(19,791)	-	(19,791)
Actuarial gain - experience adjustments	(1,954)	-	(1,954)
Recognized in other comprehensive income	(21,748)	443,154	421,406
Benefits paid	27,272	(27,272)	-
Balance at December 31, 2019	(688,627)	2,107,317	1,418,690
Service costs			
Current service costs	(2,428)	-	(2,428)
Net interest income (expense)	(4,304)	13,170	8,866
Recognized in profit or loss	(6,732)	13,170	6,438
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	145,435	145,435
Actuarial loss - changes in demographic assumptions	(12,474)	-	(12,474)
Actuarial loss - changes in financial assumptions	(9,041)	-	(9,041)
Recognized in other comprehensive income	(21,515)	145,435	123,920
Benefits paid	37,556	(37,556)	-
Balance at December 31, 2020	\$ (679,318)	\$ 2,228,366	\$ 1,549,048

Through the defined benefit plan under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.



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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rates	0.38%	0.63%
Expected rates of salary increase	2.25%	2.25%

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rates		
0.25% increase	<u>\$ (12,475)</u>	<u>\$ (13,293)</u>
0.25% decrease	<u>\$ 12,839</u>	<u>\$ 13,700</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 12,388</u>	<u>\$ 13,251</u>
0.25% decrease	<u>\$ (12,102)</u>	<u>\$ (12,926)</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
The expected contributions to the plan for the next year	<u>\$ -</u>	<u>\$ -</u>
The average duration of the defined benefit obligation	7.8 years	8.3 years

## 19. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares authorized (in thousands)	<u>7,000,000</u>	<u>7,000,000</u>
Shares authorized	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>5,741,401</u>	<u>5,465,619</u>
Shares issued	<u>\$ 57,414,007</u>	<u>\$ 54,656,192</u>

A holder of issued ordinary shares with par value of NT\$10 is entitled to the proportional rights to vote and to dividends. The authorized shares including ordinary shares and preference shares contain 60,000 thousand units retained for the exercise of employee share options.

The Corporation's shareholders resolved to distribute share dividends of \$2,728,810 thousand and \$3,575,593 thousand in June 2020 and 2019, respectively, which were declared effective by the FSC. The subscription base date were August 18, 2020 and August 19, 2019, respectively, as determined by the board of directors.

The Corporation changes in the number of issued shares included the conversion of convertible bonds and the distribution of share dividends.

2) Preference shares

In June 2018, the Corporation's board of directors resolved to increase cash capital by issuing preference shares for the second time, which was approved by the FSC under letter dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 1070325853), and the record date of capital increase was determined as of December 13, 2018, it was expected to issue 200,000 thousand shares having a face value of \$10 per share at the issue price of NT\$50 per share, with 3.5% coupon per annum (based on a five-year term 0.9375% IRS interest rate + 2.5625% fixed interest rate). Five-year term IRS interest rate will be reset on the next business day of the expiry of the five-year period from the date of issue and every five years thereafter. The shareholders of the second preference shares do not have the right to vote and to elect in the shareholders meeting but can be elected as directors. The Corporation has full discretion on the dividend distribution of the second preference shares. If there is no surplus or insufficient surplus to pay the preference share dividends upon the end of current fiscal year, the Corporation's resolution to cancel the distribution of preference share dividends will not constitute an event of default or a termination event in a contract. Preference share dividends are non-accumulative, and dividends that are not distributed or distributed in excess are not accumulated in the future year with deferred annual repayment. There is no maturity of the Corporation's second preference shares, but the Corporation may recover whole or part of the second preference shares at the actual issue price from the day following the five-year period from the issue date. The preference shares may not be converted to ordinary shares, and the preference shareholders do not have the rights to require the Corporation to redeem the preference shares they hold.

3) Certificate of entitlement to new shares form convertible bonds

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares requested for conversion but change in registration has not yet been completed (in thousands)	<u>68,854</u>	<u>-</u>
Shares requested for conversion but change in registration has not yet been completed (in thousands)	<u>\$ 688,542</u>	<u>\$ -</u>

The Corporation would complete the related corporate registrations after the issuance of new stocks on the base date of capital increase in accordance with the regulations.

b. Capital surplus

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of shares	\$ 44,176,367	\$ 44,176,367
Conversion of bonds	3,174,361	1,520,632
Difference between the consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions	22,400	466,784
Treasury share transactions	204,691	204,127
Donations	31,537	31,537
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	116,238	116,238
Forfeited share options	13,542	10,695
Dividends distributed by subsidiaries not yet received by shareholders	2,510	2,161
<u>May not be used for any purpose</u>		
Equity component of convertible bonds payable	1,064,769	1,308,070
Changes in interests in associates accounted for using equity method	<u>316,035</u>	<u>179,336</u>
	<u>\$ 49,122,450</u>	<u>\$ 48,015,947</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions, other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 20(c): Net Income - employees' compensation and remuneration of directors.

In addition to the capital-intensive, mature and stable production and marketing of cement and cement-related products, the Corporation aggressively pursues diversification. For the development of diversified investments or other important capital budgeting plans, the Corporation decided that the payout ratio of cash dividend is to be at least 20% of the total dividends to be distributed to ordinary shareholders; the rest will be paid in share dividends.

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

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation’s share capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation’s share capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2019 and 2018 approved in the shareholders’ general meetings in June 2020 and 2019, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended December 31</b>	<b>For the Year Ended December 31</b>	<b>For the Year Ended December 31</b>	<b>For the Year Ended December 31</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 2,448,745	\$ 2,118,082		
Cash dividends on preference shares	350,000	18,219	<u>\$ 1.75</u>	<u>\$ 0.09</u>
Cash dividends on ordinary shares	13,644,048	16,856,367	<u>\$ 2.50</u> (Note 1)	<u>\$ 3.30</u> (Note 2)
Share dividends on ordinary shares	2,728,810	3,575,593	<u>\$ 0.50</u> (Note 1)	<u>\$ 0.70</u> (Note 2)

Note 1: Given the transfer of treasury shares to employees has not been implemented and the registration amendment to the number of ordinary shares converted from outstanding overseas unsecured convertible bonds has not been completed, the total number of issued and outstanding shares does not reflect the actual situation. Therefore, the cash dividend was adjusted to \$2.50081632 per ordinary share and the share dividend was adjusted to \$0.50016326 per ordinary share.

Note 2: The number of ordinary shares outstanding was affected by the Corporation’s purchase of treasury shares which has not been transferred to employees. Therefore, the cash dividend was adjusted to \$3.30513111 per ordinary share and the share dividend was adjusted to \$0.70108841 per ordinary share.

The appropriation of earnings for 2020 had been proposed by the Corporation’s board of directors on March 19, 2021. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 2,530,555	
Dividends on preferences shares	350,000	<u>\$ 1.75</u>
Cash dividends on ordinary shares	20,594,434	<u>\$ 3.50</u>

The appropriation of earnings for 2020 is subject to be approved by shareholder’s general meeting in June 2021.

d. Special reserve

The Corporation appropriated to special reserve the amounts that were the same as the unrealized revaluation increment and cumulative translation adjustments transferred to retained earnings at the first-time adoption of IFRSs, which were \$10,454,422 thousand and \$2,709,369 thousand, respectively.

The special reserve appropriated at the first-time adoption of IFRSs relating to investment in properties other than land may be reversed according to the period of use. The special reserve relating to land may be reversed upon disposal or reclassification, and such special reserve of \$9,202 thousand and \$0 thousand was reversed for the years ended December 31, 2020 and 2019, respectively. The special reserve appropriated, due to currency translation adjustments for financial statements of foreign operations (including subsidiaries), shall be reversed based on the Corporation's disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence.

e. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (11,660,261)	\$ (5,037,221)
Share of profit (loss) exchange differences of subsidiaries and associates accounted for using the equity method	<u>2,136,685</u>	<u>(6,623,040)</u>
Balance at December 31	<u>\$ (9,523,576)</u>	<u>\$ (11,660,261)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 35,395,116	\$ 24,074,566
Recognized during the period		
Unrealized gain - equity instruments	111,999	1,246,314
Share from associates accounted for using the equity method	<u>(4,735,000)</u>	<u>10,074,236</u>
Other comprehensive income recognized in the period	(4,623,001)	11,320,550
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(101,298)</u>	<u>-</u>
Balance at December 31	<u>\$ 30,670,817</u>	<u>\$ 35,395,116</u>

3) Cash flow hedges

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ -	\$ 1,109
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	(121)	(6,877)
Transferred to the initial carrying amount of hedged items	<u>(129)</u>	<u>5,768</u>
Balance at December 31	<u>\$ (250)</u>	<u>\$ -</u>

f. Treasury shares

(In Thousands of Shares)

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares at January 1	8,000	70
Increase for the period	4,000	8,000
Transferred to employees	<u>(478)</u>	<u>(70)</u>
Number of shares at December 31	<u>11,522</u>	<u>8,000</u>

The Corporation transferred 70 thousand shares to employees at the price of \$30.3 per share for the year ended December 31, 2019. The record date of employees' subscription for the shares was April 29, 2019. The Corporation had recognized the compensation costs of \$826 thousand on the grant date and recognized capital surplus - treasury shares transaction of \$402 thousand on the payment date. In May 2019, the Corporation's board of directors resolved to buy back 10,000 thousand treasury shares. The Corporation had repurchased 8,000 thousand shares as of the end of July 2019. To maintain shareholders' equity and in consideration of the employees' willingness to subscribe for the shares, as of July 2019, the repurchase of the shares was not yet completed, the average repurchase price was \$43.62, and the shares will be transferred to employees. The record date of employees' subscription was January 19, 2020. The Corporation had transferred 478 thousand shares to employees at the price of \$40.7 per share as of December 31, 2020. As a result, treasury shares decreased by \$20,868 thousand.

On March 20, 2020, the Corporation's board of directors resolved to purchase its ordinary shares from the market at prices between NT\$25.90 and NT\$61.95 per share with NT\$495,600 thousand as the total repurchase amount for 8,000 thousand shares. The execution has not been done as of May 2020 and the term has expired. In order to maintain shareholder's equity and consider the employee's willingness to subscribe the shares, 4,000 thousand shares were bought back and the average purchase price was \$42.9. The shares will be used for transfer to employees.

Under the Securities Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholder's rights on these shares, such as rights to dividends and to vote.

## 20. NET INCOME

a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Property, plant and equipment	\$ 587,343	\$ 565,369
Right-of-use assets	340,045	319,485
Investment properties	<u>88</u>	<u>686</u>
	<u>\$ 927,476</u>	<u>\$ 885,540</u>

(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
An analysis of depreciation by function		
Operating costs	\$ 814,486	\$ 782,211
Operating expenses	112,397	102,731
Non-operating expenses	<u>593</u>	<u>598</u>
	<u>\$ 927,476</u>	<u>\$ 885,540</u>
An analysis of amortization by function		
Operating costs	<u>\$ 1</u>	<u>\$ -</u>
		(Concluded)

b. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Retirement benefit plans		
Defined contribution plan	\$ 33,311	\$ 30,412
Defined benefit plan	<u>(6,438)</u>	<u>(6,181)</u>
	<u>26,873</u>	<u>24,231</u>
Share-based payment		
Equity-settled	<u>4,808</u>	<u>826</u>
Other employee benefits	<u>1,413,104</u>	<u>1,598,307</u>
Total employee benefits expense	<u>\$ 1,444,785</u>	<u>\$ 1,623,364</u>
An analysis of amortization by function		
Operating costs	\$ 633,365	\$ 780,772
Operating expenses	<u>811,420</u>	<u>842,592</u>
	<u>\$ 1,444,785</u>	<u>\$ 1,623,364</u>

c. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at the rates of 0.01%-3% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The total amount of employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which was approved by the Corporation's board of directors in March 2021 and March 2020 as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	\$ 107,954	\$ 86,409
Remuneration of directors	256,965	245,432

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

d. Other income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Net gain on fair value changes of financial assets at FVTPL	\$ 35,879	\$ 167,778
Interest income	74,136	101,734
Financial income	21,490	30,284
Others	<u>58,778</u>	<u>60,047</u>
	<u>\$ 190,283</u>	<u>\$ 359,843</u>

e. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on corporate bonds	\$ 793,471	\$ 616,160
Interest on bank borrowings	603,951	528,124
Interest on lease liabilities	25,553	28,127
Other finance costs	<u>85,471</u>	<u>144,337</u>
	<u>\$ 1,508,446</u>	<u>\$ 1,316,748</u>

f. Other expenses

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Loss on work stoppage	\$ 131,011	\$ 127,439
Loss on foreign exchange	30,055	41,228
Others	<u>1,429</u>	<u>21,643</u>
	<u>\$ 162,495</u>	<u>\$ 190,310</u>

## 21. INCOME TAX

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax		
In respect of the current year	\$ 3,571	\$ -
Income tax on unappropriated earnings	201,675	15,430
Adjustments for prior years	<u>(9,579)</u>	<u>(26,187)</u>
	<u>195,667</u>	<u>(10,757)</u>
Deferred tax		
In respect of the current year	<u>36,577</u>	<u>11,041</u>
Income tax expense recognized in profit or loss	<u>\$ 232,244</u>	<u>\$ 284</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Income before income tax	<u>\$ 25,331,553</u>	<u>\$ 24,211,365</u>
Income tax expense at the statutory rate	\$ 5,066,311	\$ 4,842,273
Tax-exempt income	(1,388,776)	(1,056,908)
Unrecognized deductible temporary differences	(3,494,499)	(3,822,115)
Adjustments for prior years	(9,579)	(26,187)
Income tax on unappropriated earnings	201,675	15,430
Others	<u>(142,888)</u>	<u>47,791</u>
Income tax expense recognized in profit or loss	<u>\$ 232,244</u>	<u>\$ 284</u>

In July 2019, the President of the ROC announced the amendments to the Statute of Industrial Innovation, which stipulated that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Corporation has already deducted the amount of capital expenditure from the unappropriated earnings that was reinvested when calculating the tax on unappropriated earnings.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Recognized during the year		
Remeasurement on defined benefit plan	<u>\$ 24,784</u>	<u>\$ 84,281</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current income tax assets (included in other current assets)	<u>\$ 16,310</u>	<u>\$ 46,148</u>
Current income tax liabilities	<u>\$ 197,468</u>	<u>\$ -</u>

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets (included in other non-current assets) and deferred income tax liabilities were as follows:

For the year ended December 31, 2020

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Closing Balance</b>
<u>Deferred income tax assets</u>				
Inventories	\$ 48,088	\$ -	\$ -	\$ 48,088
Property, plant and equipment	21,062	(1,368)	-	19,694
Long-term employee benefits plan	13,045	2,100	-	15,145
Deferred revenue	4,652	(246)	-	4,406
Others	<u>36,852</u>	<u>(31,284)</u>	<u>-</u>	<u>5,568</u>
	<u>\$ 123,699</u>	<u>\$ (30,798)</u>	<u>\$ -</u>	<u>\$ 92,901</u>
<u>Deferred income tax liabilities</u>				
Land value increment tax	\$ 4,893,010	\$ (9,598)	\$ -	\$ 4,883,412
Defined benefit plan	262,260	1,287	24,784	288,331
Unappropriated earnings from foreign subsidiaries	182,691	13,041	-	195,732
Others	<u>-</u>	<u>1,049</u>	<u>-</u>	<u>1,049</u>
	<u>\$ 5,337,961</u>	<u>\$ 5,779</u>	<u>\$ 24,784</u>	<u>\$ 5,368,524</u>

For the year ended December 31, 2019

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Closing Balance</b>
<u>Deferred income tax assets</u>				
Inventories	\$ 47,118	\$ 970	\$ -	\$ 48,088
Property, plant and equipment	22,956	(1,894)	-	21,062
Long-term employee benefits plan	10,595	2,450	-	13,045
Deferred revenue	4,897	(245)	-	4,652
Investment properties	2,736	(2,736)	-	-
Others	<u>32,092</u>	<u>4,760</u>	<u>-</u>	<u>36,852</u>
	<u>\$ 120,394</u>	<u>\$ 3,305</u>	<u>\$ -</u>	<u>\$ 123,699</u>
<u>Deferred income tax liabilities</u>				
Land value increment tax	\$ 4,893,010	\$ -	\$ -	\$ 4,893,010
Defined benefit plan	176,743	1,236	84,281	262,260
Unappropriated earnings from foreign subsidiaries	<u>169,581</u>	<u>13,110</u>	<u>-</u>	<u>182,691</u>
	<u>\$ 5,239,334</u>	<u>\$ 14,346</u>	<u>\$ 84,281</u>	<u>\$ 5,337,961</u>

- e. Aggregate temporary differences associated with investments for which deferred income tax liabilities have not been recognized

As of December 31, 2020 and 2019, the taxable temporary differences in respect of investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$84,233,708 thousand and \$67,415,446 thousand, respectively.

- f. Income tax assessments

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

## 22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2020	2019
Basic earnings per share	<u>\$ 4.32</u>	<u>\$ 4.22</u>
Diluted earnings per share	<u>\$ 4.09</u>	<u>\$ 4.06</u>

The weighted average number of shares outstanding used in the earnings per share computation was adjusted retrospectively for the issuance of bonus shares on August 18, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 were as follows:

Unit: NT\$ Per Share

	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	<u>\$ 4.43</u>	<u>\$ 4.22</u>
Diluted earnings per share	<u>\$ 4.25</u>	<u>\$ 4.06</u>

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

	<u>For the Year Ended December 31</u>	
	2020	2019
Profit for the year attributable to owners of the Corporation (Note)	\$ 24,749,309	\$ 24,192,862
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds	<u>277,794</u>	<u>227,570</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 25,027,103</u>	<u>\$ 24,420,432</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in computation of basic earnings per share	5,735,314	5,734,273
Effect of potentially dilutive ordinary shares:		
Employees' compensation	3,070	2,368
Convertible bonds	<u>379,498</u>	<u>281,315</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>6,117,882</u>	<u>6,017,956</u>

Note: Preference share dividends of \$350,000 thousand and \$18,219 thousand were deducted in 2020 and 2019, respectively.

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

## 23. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES WITHOUT CHANGE OF CONTROL

From January 1, 2020 to December 31, 2020, the Corporation acquired a portion of the shares of Taiwan Prosperity Chemical Corporation and Taiwan Cement Engineering Corporation, and increased its proportionate ownership interests from 40.0% to 71.1% and 99.0% to 99.2%, respectively. The above transactions were accounted for as equity transactions, since there was no change in the Corporation's control over these subsidiaries.

Refer to Notes of the consolidated financial statements for related disclosures in 2020.

## 24. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Effect of Exchange Rate and Others	Closing Balance
Short-term borrowings	\$ 16,325,928	\$ 7,025,551	\$ 250	\$ 23,351,729
Long-term borrowings (including those expiring within a year)	<u>21,431,917</u>	<u>-</u>	<u>21,500</u>	<u>21,453,417</u>
	<u>\$ 37,757,845</u>	<u>\$ 7,025,551</u>	<u>\$ 21,750</u>	<u>\$ 44,805,146</u>

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Effect of Exchange Rate and Others	Closing Balance
Short-term borrowings	\$ 12,969,000	\$ 3,362,015	\$ (5,087)	\$ 16,325,928
Long-term borrowings (including those expiring within a year)	<u>13,510,417</u>	<u>7,900,000</u>	<u>21,500</u>	<u>21,431,917</u>
	<u>\$ 26,479,417</u>	<u>\$ 11,262,015</u>	<u>\$ 16,413</u>	<u>\$ 37,757,845</u>



## 25. CAPITAL MANAGEMENT

The Corporation needs to maintain sufficient capital to fulfill the Corporation's requirements of business expansion and construction. Therefore, the capital management of the Corporation shall focus on a comprehensive operational plan to ensure sound profitability and financial structure so as to fulfill the mid- and long-term demand of working capital, capital expenditures, debts repayment and dividend distributions.

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

#### December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 9,380,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,138,329</u>	<u>\$ 10,138,329</u>

#### December 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 11,155,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,695,351</u>	<u>\$ 11,695,351</u>

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

#### 1) Fair value hierarchy

#### December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives - redemption options and put options of convertible bonds	\$ -	\$ -	\$ 17,092	\$ 17,092
Domestic listed shares	171,613	-	-	171,613
Domestic emerging market shares	<u>101,931</u>	<u>-</u>	<u>-</u>	<u>101,931</u>
	<u>\$ 273,544</u>	<u>\$ -</u>	<u>\$ 17,092</u>	<u>\$ 290,636</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 3,374,595	\$ -	\$ -	\$ 3,374,595
Domestic unlisted shares	-	-	5,653,008	5,653,008
Domestic preference shares	<u>30,002</u>	<u>-</u>	<u>-</u>	<u>30,002</u>
	<u>\$ 3,404,597</u>	<u>\$ -</u>	<u>\$ 5,653,008</u>	<u>\$ 9,057,605</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives - redemption options and put options of convertible bonds	\$ -	\$ -	\$ 1,235	\$ 1,235
Domestic listed shares	160,957	-	-	160,957
Domestic emerging market shares	<u>96,910</u>	<u>-</u>	<u>-</u>	<u>96,910</u>
	<u>\$ 257,867</u>	<u>\$ -</u>	<u>\$ 1,235</u>	<u>\$ 259,102</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 3,613,865	\$ -	\$ -	\$ 3,613,865
Domestic unlisted shares	-	-	5,334,757	5,334,757
Domestic preference shares	<u>31,332</u>	<u>-</u>	<u>-</u>	<u>31,332</u>
	<u>\$ 3,645,197</u>	<u>\$ -</u>	<u>\$ 5,334,757</u>	<u>\$ 8,979,954</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	<b>For the Year Ended December 31, 2020</b>
Financial assets at FVTOCI	
Equity instruments	
Balance at January 1, 2020	\$ 5,334,757
Additional	1
Recognized in other comprehensive income	372,219
Disposal	<u>(53,969)</u>
Balance at December 31, 2020	<u>\$ 5,653,008</u>
Financial assets at FVTPL	
Derivative instruments	
Balance at January 1, 2020 (recognized as financial liabilities at FVTPL)	\$ 1,235
Recognized in income	20,202
Convertible bonds converted into ordinary shares	<u>(4,345)</u>
Balance at December 31, 2020	<u>\$ 17,092</u>

	<b>For the Year Ended December 31, 2019</b>
Financial assets at FVTOCI	
Equity instruments	
Balance at January 1, 2019	\$ 4,414,734
Convertible preference shares transferred from Level 3 to Level 1 due to listing	(29,559)
Recognized in other comprehensive income	954,166
Disposal	<u>(4,584)</u>
Balance at December 31, 2019	<u>\$ 5,334,757</u>
Financial assets at FVTPL	
Derivative instruments	
Balance at January 1, 2019 (recognized as financial liabilities at FVTPL)	\$ (139,460)
Recognized in income	<u>140,695</u>
Balance at December 31, 2019	<u>\$ 1,235</u>

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

- a) There were no quoted prices in active markets for put options and redemption options of ECB issued by the Corporation. Hence, the fair values of options are determined using the binomial option pricing model where the unobservable input is historical volatility. An increase in historical volatility used in isolation would result in an increase in the fair value. As of December 31, 2020 and 2019, the historical volatility used were 23.69% and 14.67%, respectively.
- b) The Corporation measures the fair value of its investments on domestic unlisted shares by using the asset-based approach, the market approach, and the dividend discount model.

Under the asset-based approach, the total value of an investment is based on the fair value of its assets and liabilities. The significant unobservable inputs used are listed in the table below.

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Comprehensive discount for lack of marketability and non-controlling interests	10%	10%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Comprehensive discount for lack of marketability and non-controlling interests		
1% increase	<u>\$ (13,004)</u>	<u>\$ (13,056)</u>
1% decrease	<u>\$ 13,004</u>	<u>\$ 13,056</u>

The market approach involves comparing a target company with companies that have similar business models in the open market, similar selling prices of similar items, or similar past share prices to that of the target company. The significant unobservable inputs used are listed in the table below.

	<u>December 31</u>	
	2020	2019
Discount for lack of marketability	-	30%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	<u>December 31</u>	
	2020	2019
Discount for lack of marketability		
1% increase	<u>\$ -</u>	<u>\$ (213)</u>
1% decrease	<u>\$ -</u>	<u>\$ 213</u>

The dividend discount model values a target company based on its stability of dividend payments in the past.

	<u>December 31</u>	
	2020	2019
Discount rate	6.1%	6.9%
Dividend growth rate	1.3%	1.4%
Discount for lack of marketability	10.0%	10.0%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	<u>December 31</u>	
	2020	2019
Discount for lack of marketability		
1% increase	<u>\$ (49,730)</u>	<u>\$ (45,868)</u>
1% decrease	<u>\$ 49,730</u>	<u>\$ 45,868</u>

c. Categories of financial instruments

	<u>December 31</u>	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 290,636	\$ 259,102
Financial assets measured at amortized cost (1)	22,782,684	12,542,696
Financial assets at FVTOCI		
Equity instruments	9,057,605	8,979,954

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	\$ 107,521,067	\$ 88,066,119 (Concluded)

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables (included in other current assets).
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, accounts payable (including related parties transactions), other payables, other payable to related parties (included in other current liabilities), bonds payable, long-term loans (including current portion) and long-term bills payable.

d. Financial risk management objectives and policies

The risk control and hedging strategy performed by the Corporation were affected by operation environments, and the Corporation adopted appropriate risk controls and hedging strategies according to its nature of business and risk diversification principles. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Corporation's financial instruments were mainly comprised of listed shares, and these investments were subject to fluctuations in market prices. The Corporation has periodically evaluated the investment's performance, and no significant market risk was anticipated.

a) Foreign currency risk

The foreign financial assets and liabilities were exposed to risk of foreign currency fluctuations. To lower foreign currency risk, the Corporation has established control mechanisms to immediately monitor its foreign currency position and exchange rate fluctuations.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency at the end of the reporting period are set out in Note 30.

The Corporation was mainly exposed to the USD. Regarding outstanding foreign monetary items, if there is a 1% increase or decrease in the NTD against the USD net income and equity for the years ended December 31, 2020 and 2019 would increase/decrease by \$2,965 thousand and \$5,960 thousand, respectively.

b) Interest rate risk

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash flow interest rate risk		
Financial assets	\$ 5,478,962	\$ 1,006,384
Financial liabilities	44,805,146	37,757,845

The interest risk was evaluated based on the position of financial assets and liabilities. The sensitivity analysis below was determined based on the Corporation's floating interest rate financial assets and liabilities at the end of the reporting period, and a 50 basis point increase or decrease was used, representing management's assessment of reasonably possible change in interest rates. The fair values of fixed interest rate financial assets and liabilities will change due to variances in market interest rates; the future cash flows of floating interest rate financial assets and financial liabilities will change due to variances in effective interest rates, which vary with market interest rates.

For the Corporation's floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the years ended December 31, 2020 and 2019 would increase/decrease by \$21,916 thousand and \$4,026 thousand, respectively.

For the Corporation's floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the years ended December 31, 2020 and 2019 would increase/decrease by \$179,221 thousand and \$151,031 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity instruments and commodities price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. Sensitivity analyses were used for evaluating the exposure to equity price risks.

The sensitivity analyses below were based on the exposure of equity instruments/commodity price risk on the balance sheet date.

The sensitivity analyses were based on the exposure of equity instruments/commodities at the end of the reporting period. If equity instruments/commodities prices of financial assets at FVTPL had been 5% higher/lower, profit or loss for the year ended December 31, 2020 and 2019 would increase/decrease by \$13,677 thousand and \$12,893 thousand, respectively. If equity instruments/commodity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the nine months ended December 31, 2020 and 2019 would increase/decrease by \$452,880 thousand and \$448,998 thousand, respectively.

2) Credit risk

Potential impacts on financial assets would occur if the counterparties breach financial instrument contracts, including impacts to the concentration of credit risk, components contractual amounts and other receivables.

As at the end of the reporting period, the Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation due to the failure of counterparties to discharge an obligation, could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Corporation transacted with a large number of customers from various industries and geographical locations. The Corporation continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Corporation required credit enhancements by bank guarantees or collateral for certain customers.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings which were assigned by international credit-rating agencies.



### 3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of December 31, 2020 and 2019, the amount of unused financing facilities was \$30,490,501 thousand and \$27,018,256 thousand, respectively.

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

#### December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 185,583	\$ 2,349,396	\$ 1,471,121	\$ 56,373	\$ 1,613
Lease liabilities	72,181	30,457	177,973	736,869	405,381
Variable interest rate liabilities	5,618,460	18,324,462	4,025,602	17,584,743	-
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>484,620</u>	<u>29,739,450</u>	<u>35,080,160</u>
	<u>\$ 5,876,224</u>	<u>\$ 20,704,315</u>	<u>\$ 6,159,316</u>	<u>\$ 48,117,435</u>	<u>\$ 35,487,154</u>

Additional information about the maturity analysis for lease liabilities after eliminating transactions:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 280,611</u>	<u>\$ 736,869</u>	<u>\$ 303,748</u>	<u>\$ 101,633</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 177,527	\$ 2,600,408	\$ 1,182,326	\$ 30,371	\$ 3,441
Lease liabilities	55,391	33,095	225,152	685,336	534,195
Variable interest rate liabilities	1,151,806	13,902,659	1,696,008	22,154,062	-
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>311,100</u>	<u>37,335,877</u>	<u>13,836,000</u>
	<u>\$ 1,384,724</u>	<u>\$ 16,536,162</u>	<u>\$ 3,414,586</u>	<u>\$ 60,205,646</u>	<u>\$ 14,373,636</u>

Additional information about the maturity analysis for lease liabilities after eliminating transactions:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 313,638</u>	<u>\$ 685,336</u>	<u>\$ 411,890</u>	<u>\$ 103,356</u>	<u>\$ 18,949</u>	<u>\$ -</u>

## 27. TRANSACTIONS WITH RELATED PARTIES

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

### a. Name of the related parties and relationship

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Ta-Ho Maritime Corporation (Ta-Ho Maritime)	Subsidiaries
Taiwan Transport & Storage Corporation (Taiwan Transport & Storage)	Subsidiaries
Taiwan Cement Engineering Corporation	Subsidiaries
Kuan-Ho Refractories Industry Corporation (Kuan-Ho Refractories Industry)	Subsidiaries
TCC Investment Corporation (TCC Investment)	Subsidiaries
TCC Chemical Corporation (TCC Chemical)	Subsidiaries
TCC Information Systems Corporation (TCC Information Systems)	Subsidiaries
Taiwan Prosperity Chemical Corporation	Subsidiaries
Tung Chen Mineral Corporation	Subsidiaries
Jin Chang Minerals Corporation	Subsidiaries
Hoping Industrial Port Corporation (Hoping Industrial Port)	Subsidiaries
Ho-Ping Power Company	Subsidiaries
HPC Power Services Corporation	Subsidiaries
Feng Sheng Enterprise Company (Feng Sheng Enterprise)	Subsidiaries
E.G.C. Cement Corporation (E.G.C. Cement)	Subsidiaries
Union Cement Traders Inc. (Union Cement Traders)	Subsidiaries
Hong Kong Cement Company Ltd. (“HKCCL”)	Subsidiaries
TCC International Ltd. (“TCCP”)	Subsidiaries
TCC International Holdings Ltd. (“TCCIH”)	Subsidiaries
TCC Green Energy Corporation	Subsidiaries
Ho Sheng Mining Co., Ltd. (Ho Sheng Mining)	Subsidiaries
Taiwan Cement (Dutch) Holdings B.V. (Taiwan Cement Dutch)	Subsidiaries
TCCMOLI Holdings (Singapore) Pte. Ltd.	Subsidiaries
TCC Sustainable Energy Investment Corporation	Subsidiaries
TCC Energy Storage Technology Corporation	Subsidiaries
TJ Transport Corporation	Second-tier Subsidiaries
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd. (dissolved and closed in March 2019)	Same key management personnel
Chinatrust Investment Co., Ltd.	Same key management personnel
Linyuan Advanced Materials Technology Co., Ltd.	Same key management personnel
Circular Commitment Company	Same key management personnel
Hualien County Ho-Ping Culture and Art Foundation	Same key management personnel
Sing Cheng Investment Co., Ltd.	Same key management personnel
Pan Asia Corporation	The Corporation acts as key management personnel
China Hi-Ment Corporation (China Hi-Ment)	The Corporation acts as key management personnel

(Continued)

<u>Related Party</u>	<u>Relationship with the Corporation</u>
O-Bank Co., Ltd. (O-Bank)	The Corporation acts as key management personnel
Rong Gong Enterprise Co. (Rong Gong)	The Corporation acts as key management personnel
Ta-Ho Taitung Environment Co., Ltd. (Ta-Ho Taitung Environment) (in the process of liquidation since December 2019, process of liquidation finished in 2020)	The Corporation acts as key management personnel
CTCI Corporation (became related parties since May 2020)	The Corporation acts as key management personnel
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Corporation
Chia Hsin Cement Corporation (Chia Hsin Cement)	Management personnel in substance
Chia Hsin R.M.C. Corp. (Chia Hsin R.M.C.)	Management personnel in substance
The Koo Foundation	Management personnel in substance
L'Hotel de Chine Corporation	Management personnel in substance
FDC International Hotels Corporation	Management personnel in substance
Fortune Quality investment Limited	Management personnel in substance
Chia Hsin Property Management and Development Corp. (Chia Hsin Property)	Management personnel in substance
International CSRC Investment Holdings Co., Ltd.	Associates
E-ONE Moli Energy Corporation	Associates
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Onyx Ta-Ho Waste Clearance Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd. (in the process of liquidation since December 2019, process of liquidation finished in 2020)	Associates
TCC Recycle Energy Technology Company	Associates

(Concluded)

b. Operating transactions

	<u>Operating Revenue</u>	
	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 1,953,631	\$ 1,755,466
Management personnel in substance	458,162	480,709
The Corporation acts as key management personnel	159,607	162,970
Investors with significant influence over the Corporation	33,515	148,286
Associates	20,512	22,261
Others	<u>4,264</u>	<u>5,047</u>
	<u>\$ 2,629,691</u>	<u>\$ 2,574,739</u>
	<u>Operating Costs and Expenses</u>	
	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 4,096,552	\$ 4,054,613
The Corporation acts as key management personnel	760,215	649,038
Management personnel in substance	69,842	68,917
Others	<u>6,636</u>	<u>18,761</u>
	<u>\$ 4,933,245</u>	<u>\$ 4,791,329</u>

Receivables from related parties

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Subsidiaries		
E.G.C. Cement	\$ 138,432	\$ 99,885
Feng Sheng Enterprise	117,249	123,566
HKCCL	99,810	63,529
Others	<u>42,876</u>	<u>42,027</u>
	<u>398,367</u>	<u>329,007</u>
Management personnel in substance		
Chia Hsin Cement	73,133	83,580
Others	<u>1,831</u>	<u>2,361</u>
	<u>74,964</u>	<u>85,941</u>
The Corporation acts as key management personnel	<u>30,925</u>	<u>64,992</u>
Others	<u>1,825</u>	<u>33,822</u>
	<u>\$ 506,081</u>	<u>\$ 513,762</u>

Payables to related parties

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Subsidiaries		
Ta-Ho Maritime	\$ 355,118	\$ 264,694
Kuan-Ho Refractories Industry	89,959	66,986
Taiwan Transport & Storage	71,965	63,273
Ho Sheng Mining	54,780	102,207
Others	<u>70,990</u>	<u>65,758</u>
	<u>642,812</u>	<u>562,918</u>
The Corporation acts as key management personnel		
China Hi-Ment	<u>147,713</u>	<u>141,757</u>
Others	<u>2,686</u>	<u>4,796</u>
	<u>\$ 793,211</u>	<u>\$ 709,471</u>

The price and terms of the above transactions were similar to those for third parties. Rentals of lease contracts with related parties were based on market prices and the payment terms were determined at general condition.

c. Other receivables from related parties (included in other current assets)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
The Corporation acts as key management personnel		
Ta-Ho Taitung Environment	\$ -	\$ 341,280
Others	-	4
	<u>-</u>	<u>341,284</u>
Subsidiaries		
TCCIH	7,630	7,841
Hoping Industrial Port	2,230	2,502
Others	<u>9,901</u>	<u>21,552</u>
	<u>19,761</u>	<u>31,895</u>
Others	<u>2,044</u>	<u>5,578</u>
	<u>\$ 21,805</u>	<u>\$ 378,757</u>

Other receivables from related parties included dividend receivables and interest receivables.

d. Other payables to related parties (included in other current liabilities)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Subsidiaries		
TCC Information Systems	\$ 55,920	\$ 38,600
Others	<u>449</u>	<u>1,879</u>
	<u>56,369</u>	<u>40,479</u>
Others	<u>4,295</u>	<u>3,049</u>
	<u>\$ 60,664</u>	<u>\$ 43,528</u>

e. Acquisitions of property, plant and equipment

<b>Related Party Category/Name</b>	<b>Purchase Price</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Management personnel in substance		
Chia Hsin Property	<u>\$ 1,686,428</u>	<u>\$ -</u>

f. Endorsements and guarantees

	<b>2020</b>	<b>2019</b>
	Subsidiaries	
TCCI	\$ -	\$ 2,038,640
TCC Investment	1,540,000	1,840,000
Union Cement Traders	1,020,000	900,000
TCC Chemical	829,117	499,117
Others	<u>139,698</u>	<u>139,698</u>
	<u>\$ 3,528,815</u>	<u>\$ 5,417,455</u>

g. Lease arrangements

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Acquisition of right-of-use assets</u>		
Management personnel in substance		
Chia Hsin Property	\$ 39	\$ 9,831
Chia Hsin Cement	-	31,392
Chia Hsin R.M.C.	-	10,544
	<u>\$ 39</u>	<u>\$ 51,767</u>
<u>Disposal</u>		
Right-of-use assets		
Management personnel in substance		
Chia Hsin Property	<u>\$ 1,922</u>	<u>\$ -</u>
Lease liabilities		
Management personnel in substance		
Chia Hsin Property	<u>\$ 1,953</u>	<u>\$ -</u>

Gain on lease modification for the year ended December 31, 2020 was \$31 thousand.

<b>Line Item</b>	<b>Related Party Category</b>	<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
Lease liabilities	Subsidiaries		
	E.G.C. Cement	\$ 269,388	\$ 284,935
	Others	<u>7,230</u>	<u>9,426</u>
		<u>276,618</u>	<u>294,361</u>
	Management personnel in substance		
	Chia Hsin Cement	10,593	26,240
	Chia Hsin R.M.C.	2,085	6,690
	Chia Hsin Property	-	6,247
		<u>12,678</u>	<u>39,177</u>
		<u>\$ 289,296</u>	<u>\$ 333,538</u>

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Interest expense</u>		
Subsidiaries		
E.G.C. Cement	\$ 5,125	\$ 5,409
Others	<u>155</u>	<u>195</u>
	<u>5,280</u>	<u>5,604</u>
Management personnel in substance	<u>501</u>	<u>432</u>
	<u>\$ 5,781</u>	<u>\$ 6,036</u>

h. Acquisition of financial assets

For the year ended December 31, 2020

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares in Thousands</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
The Corporation acts as key management personnel O-Bank	Financial assets at FVTOCI	3,090	Stock	<u>\$ 19,620</u>

i. Disposal of financial assets

For the year ended December 31, 2020

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares in Thousands</b>	<b>Underlying Assets</b>	<b>Proceeds</b>	<b>Gain (Loss) on Disposal</b>
The Corporation acts as key management personnel Rong Gong	Financial assets at FVTOCI	3,390	Stock	<u>\$ 53,969</u>	<u>\$ -</u>

j. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 398,579	\$ 376,328
Post-employment benefits	2,040	1,621
Share-based payment	<u>4,808</u>	<u>826</u>
	<u>\$ 405,427</u>	<u>\$ 378,775</u>

**28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

The following assets were pledged or mortgaged as collateral for performance bonds and other credit accommodations:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Property, plant and equipment	\$ 157,453	\$ 157,453
Pledged bank deposits (included in other non-current assets)	<u>507,545</u>	<u>328,833</u>
	<u>\$ 664,998</u>	<u>\$ 486,286</u>



## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2020 and 2019, the balances of letters of credit for the purchase of raw materials were \$145,571 thousand and \$155,377 thousand, respectively.
- b. As of December 31, 2020 and 2019, the amounts of letters of guarantee issued by banks for the Corporation were both \$22,120 thousand.
- c. On September 16, 2020, the board of directors of the Corporation resolved to increase investment in TCCIH by US\$330,000 thousand to repay foreign currency bank loans of TCCIH and improve the Group's financial structure.
- d. On December 15, 2020, the board of directors of the Corporation approved the plan to purchase land in Hoping Industrial Park from Industrial Development Bureau, Ministry of Economic Affairs to expand the storage space of alternative raw material. The total consideration of land purchase plus industrial park development management funds was \$1,861,848 thousand. As of the date the financial statements were authorized for issue, the deposit, as 3% of the total consideration, had been paid.

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

The following information was aggregated by the foreign currencies other than the Corporation's functional currency and the exchange rates between such foreign currencies and the Corporation's functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 25,419	28.48 (USD:NTD)	\$ 723,933
Non-monetary items			
USD	59,216	28.48 (USD:NTD)	1,686,470
HKD	45,779,733	3.673 (HKD:NTD)	168,148,958
EUR	823,912	35.02 (EUR:NTD)	28,853,381
<u>Financial liabilities</u>			
Monetary items			
USD	12,405	28.48 (USD:NTD)	353,286

December 31, 2019

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 34,283	29.98 (USD:NTD)	\$ 1,027,804
Non-monetary items			
USD	57,776	29.98 (USD:NTD)	1,732,132
HKD	39,861,517	3.849 (HKD:NTD)	153,426,980
EUR	825,567	33.59 (EUR:NTD)	27,730,794
<u>Financial liabilities</u>			
Monetary items			
USD	9,433	29.98 (USD:NTD)	282,810

### **31. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the share capital (Table 5)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the share capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 7)
- 9) Trading in derivative instruments (Notes 7, 16 and 26)
- 10) Information on investees (Table 8)

- b. Information on investments in mainland China (Table 9)
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area.
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance during the year, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of service.
  - c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

## 32. OTHER EVENTS

Due to the impact of the COVID-19 pandemic from January 2020, governments all over the world have successively implemented various epidemic prevention measures, which slightly affected the business of the Corporation. Although the domestic epidemic situation has slowed down and the government's regulations have been loosened, many countries are still under lockdown measures and recession is expected to occur in the global economic situation. In addition to maintaining close contact with customers and manufacturers, the Corporation has committed to strengthen employee health management to mitigate the COVID-19 pandemic impact on the Company's operations. However, the actual impact to the Corporation still depends on the subsequent development of the epidemic.

## 33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIODS

- a. On January 18, 2021, the Corporation acquired the ordinary shares of Taiwan Prosperity Chemical Corporation with share swap by cash in accordance with the Business Mergers and Acquisitions Act and the share swap agreement. The corporation paid \$18 per share to other shareholders of Taiwan Prosperity Chemical Corporation and the total amount was \$685,845 thousand. Taiwan Prosperity Chemical Corporation became a wholly owned subsidiary of the Corporation. Meanwhile, the securities of Taiwan Prosperity Chemical Corporation were under suspension of trading and delisted on the same day with approval by competent authority.

- b. On March 19, 2021, the board of directors of the Corporation approved to sell 131,960 shares, equivalent to 100% of the total issued shares of Taiwan Prosperity Chemical Corporation, with \$18.18734 per share, for the total consideration of \$2,400,000 thousand to Chang Chun Plastics Co., Ltd. According to the Share Purchase Agreement, the Corporation planned to assist the termination of Equipment Lease Agreement between Taiwan Prosperity Chemical Corporation and TCC Chemical Corporation before the closing. Taiwan Prosperity Chemical Corporation planned to pay \$400,000 thousand to TCC Chemical Corporation as the consideration of the termination. Several conditions including but not limited to the approval of Taiwan Fair Trade Commission and Anti-monopoly Bureau of China were essential prerequisites to the accomplishment of the disposal plan.
- c. On March 19, 2021, the board of directors of the Corporation approved the plan to invest TCC Recycle Energy Technology Company with the limit of \$10,000,000 thousand while the subsidiary of TCC Recycle Energy Technology Company planned to build two production lines including plant, equipment and operation. In addition, its future trend was consistent with the Group's future development of energy storage.

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	Tai-Jie Transport & Storage Corporation TCC Chemical Corporation	Other receivables from related parties Other receivables from related parties	Yes Yes	\$ 100,000 300,000	\$ 100,000	\$ 70,000	1.26 -	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	\$ -	\$ -	\$ 955,162 955,162	\$ 955,162 955,162		
2	TCC Investment Corporation	Jin Chang Minerals Corporation	Other receivables from related parties	Yes	330,000	130,000	100,000	1.48	The need for short-term financing	-	Operating capital	-	-	-	1,849,747	1,849,747	
		Onyx Ta-Ho Energy Recovery Co., Ltd.	Other receivables from related parties	Yes	110,000	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	1,849,747	1,849,747	
		Tai-Jie Transport & Storage Corporation	Other receivables from related parties	Yes	70,000	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	1,849,747	1,849,747	
3	Taiwan Cement Engineering Corporation	TCC Chemical Corporation	Other receivables from related parties	Yes	200,000	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	294,520	294,520	
4	TCC Development Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	284,554	268,129	268,129	0.73	The need for short-term financing	-	Operating capital	-	-	-	755,626	755,626	
5	TCC International Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	3,650,000	3,417,600	-	-	The need for short-term financing	-	Operating capital	-	-	-	111,330,984	222,661,968	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd. TCC Liaoning Cement Company Limited TCC (Guigang) Cement Ltd.	Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes	874,174 996,558 7,430,479	874,174 996,558 7,430,479	- 996,558 7,430,479	- 3.05 3.05	The need for short-term financing The need for short-term financing The need for short-term financing	- - -	Operating capital Operating capital Operating capital	- - -	- - -	- - -	18,018,965 18,018,965 18,018,965	36,037,930 36,037,930 36,037,930	
7	TCC (Guigang) Cement Ltd.	Scius Luzhou Cement Co., Ltd. Scius Naxi Cement Co., Ltd. TCC Yingde Cement Co., Ltd. Scius Luzhou Concrete Co., Ltd. TCC Huaying Cement Company Limited TCC Anshan Cement Company Limited	Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes Yes Yes Yes	1,223,844 437,087 437,087 87,417 1,258,811 437,087	1,223,844 437,087 437,087 87,417 1,258,811 437,087	- - - - - -	- - - - - -	The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing	- - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - -	- - - - - -	- - - - - -	26,954,645 26,954,645 26,954,645 26,954,645 26,954,645 26,954,645	53,909,290 53,909,290 53,909,290 53,909,290 53,909,290 53,909,290	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	\$ 874,174	\$ 874,174	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ 26,954,645	\$ 53,909,290		
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-	-	26,954,645	53,909,290		
		TCC Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	284,107	284,107	-	-	The need for short-term financing	-	Operating capital	-	-	26,954,645	53,909,290		
		TCC (Hangzhou) Recycle Resource Technology Limited	Other receivables from related parties	Yes	43,709	43,709	-	-	The need for short-term financing	-	Operating capital	-	-	26,954,645	53,909,290		
		Guigang TCC DongYuan Environmental Technology Company Limited	Other receivables from related parties	Yes	131,126	131,126	131,126	3.48	The need for short-term financing	-	Operating capital	-	-	26,954,645	53,909,290		
8	TCC Yingde Cement Co., Ltd.	TCC Shaoguan Cement Co., Limited	Other receivables from related parties	Yes	1,416,557	1,416,557	1,109,306	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC (Dong Guan) Cement Co., Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Anshun Cement Co., Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		Guangan Changxing Cement Co., Ltd.	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	524,504	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Chongqing Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		Scius Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	786,757	786,757	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		Scius Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	43,709	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	218,544	218,544	131,126	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		Beijing TCC Environment Technology Co., Ltd.	Other receivables from related parties	Yes	87,417	87,417	30,596	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
		TCC (Hangzhou) Environmental Protection Technology Limited	Other receivables from related parties	Yes	2,989,675	2,989,675	2,421,462	3.48	The need for short-term financing	-	Operating capital	-	-	30,479,983	60,959,966		
9	TCC Fuzhou Cement Co., Ltd.	TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	305,961	305,961	43,709	3.48	The need for short-term financing	-	Operating capital	-	-	945,906	2,837,718		
		TCC New (Hangzhou) Management Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	945,906	2,837,718		
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-	-	945,906	2,837,718		

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
10	TCC International Holdings Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	\$ 239,122	\$ 212,793	\$ 212,176	-	The need for short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ 147,332,657	\$ 294,665,314		
11	Prime York Ltd.	Upper Value Investment Limited	Other receivables from related parties	Yes	198,798	187,323	187,323	-	The need for short-term financing	-	Operating capital	-	-	3,047,596	6,095,192		
12	Jurong TCC Cement Co., Ltd.	TCC Anshun Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-	-	18,060,978	36,121,955		
		TCC Chongqing Cement Co., Ltd.	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-	-	18,060,978	36,121,955		
		TCC Guangan Cement Company Ltd.	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	18,060,978	36,121,955		
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	305,961	305,961	218,544	3.48	The need for short-term financing	-	Operating capital	-	-	18,060,978	36,121,955		
		TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	18,060,978	36,121,955		
		Seius Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-	-	18,060,978	36,121,955		
		TCC Huahua Cement Company Limited	Other receivables from related parties	Yes	1,311,261	1,311,261	340,928	3.48	The need for short-term financing	-	Operating capital	-	-	18,060,978	36,121,955		
		TCC Huahua Concrete Company Limited	Other receivables from related parties	Yes	131,126	131,126	43,709	3.48	The need for short-term financing	-	Operating capital	-	-	18,060,978	36,121,955		
		Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	305,961	305,961	118,013	3.48	The need for short-term financing	-	Operating capital	-	-	18,060,978	36,121,955		
		13	TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-	-	7,640,155	15,280,311
14	Guangan Changxing Cement Co., Ltd.	Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	262,252	262,252	262,252	3.48	The need for short-term financing	-	Operating capital	-	-	7,640,155	15,280,311		
		Seius Luzhou Concrete Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-	-	7,640,155	15,280,311		
		Guizhou Kaihui Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-	-	7,640,155	15,280,311		
		Seius Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-	-	7,640,155	15,280,311		
		TCC Chongqing Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-	-	7,640,155	15,280,311		
		TCC Huahua Cement Company Limited	Other receivables from related parties	Yes	655,631	655,631	262,252	3.48	The need for short-term financing	-	Operating capital	-	-	7,640,155	15,280,311		
		TCC Huaying Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-	-	5,466,228	10,932,456		
		Seius Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-	-	5,466,228	10,932,456		
		Guizhou Kaihui Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-	-	5,466,228	10,932,456		

(Continued)



No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
15	Wayly Holdings Ltd.	Guizhou Kaiji Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	\$ 61,128	\$ 57,600	\$ 57,600	-	The need for short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ 1,787,407	\$ 3,574,815		
16	TCC Chongqing Cement Company Limited	Guangxi Changxing Cement Co., Ltd. Guizhou Kaiji Rui An Jian Cai Co., Ltd. Sciusiuxi Cement Co., Ltd.	Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes	437,087 218,544 131,126	437,087 218,544 131,126	- - -	- - -	The need for short-term financing The need for short-term financing The need for short-term financing	- - -	Operating capital Operating capital Operating capital	- - -	- - -	9,372,765 9,372,765 9,372,765	18,745,531 18,745,531 18,745,531		
		Sciusiuxi Cement Co., Ltd.	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-	-	9,372,765	18,745,531		
		TCC Huaying Cement Company Limited	Other receivables from related parties	Yes	109,272	109,272	-	-	The need for short-term financing	-	Operating capital	-	-	9,372,765	18,745,531		
		TCC Huahua Cement Company Limited	Other receivables from related parties	Yes	655,631	655,631	537,180	3.48	The need for short-term financing	-	Operating capital	-	-	9,372,765	18,745,531		
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-	-	9,372,765	18,745,531		
		Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	131,126	131,126	43,709	3.48	The need for short-term financing	-	Operating capital	-	-	9,372,765	18,745,531		
17	TCC New (Hangzhou) Management Company Limited	Sciusiuxiuzhou Cement Co., Ltd. Sciusiuxi Cement Co., Ltd. Sciusiuxi Concrete Co., Ltd.	Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes	270,994 240,398 34,967	270,994 240,398 34,967	- 192,318 -	- 3.48 -	The need for short-term financing The need for short-term financing The need for short-term financing	- - -	Operating capital Operating capital Operating capital	- - -	- - -	527,283 527,283 527,283	1,054,566 1,054,566 1,054,566		
18	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Company Limited	Other receivables from related parties	Yes	348,563	348,563	257,881	-	The need for short-term financing	-	Operating capital	-	-	889,034	1,778,068		
19	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-	-	719,917	1,439,835		
20	Hong Kong Cement Co., Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	501,122	471,800	471,800	0.34	The need for short-term financing	-	Operating capital	-	-	937,212	1,874,424		
21	Guizhou Kaiji Rui An Jian Cai Co., Ltd.	Sciusiuxi Cement Co., Ltd. Kaiji TCC Environment Technology Co., Ltd.	Other receivables from related parties Other receivables from related parties	Yes Yes	131,126 174,835	131,126 174,835	- 131,126	- 3.48	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -	- -	3,759,184 3,759,184	7,518,368 7,518,368		
22	Union Cement Traders Inc.	Jin Chang Minerals Corporation	Other receivables from related parties	Yes	300,000	300,000	300,000	1.53	The need for short-term financing	-	Operating capital	-	-	310,622	310,622		
23	TCC Huahua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-	-	4,644,406	9,288,813		

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
24	Seitrus Luzhou Cement Co., Ltd.	Guizhou Kaiji Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	\$ 87,417	\$ 87,417	\$ -	-	The need for short-term financing	-	Operating capital	\$ -	\$ -	\$ 3,144,787	\$ 6,289,574		

Note: "Financing Limits for Each Borrower" and "Aggregate Financing Limits":

A. For Taiwan Cement Corporation, financing limits are as follows:

- Where a business relationship exists, the individual financing limits were the total transaction amounts with the borrower and 20% of Taiwan Cement Corporation's net equity in the recent year.
- Where there is a need for a short-term financing facility, the individual financing limits were 20% of Taiwan Cement Corporation's net equity as stated in its latest financial statements.
- For the above items a and b, the aggregate financing limits were 40% of Taiwan Cement Corporation's net equity as stated in its latest financial statements.

B. The restrictions above in paragraph A, subparagraphs b and c shall not apply to inter-company loans of funds between foreign companies of which Taiwan Cement Corporation holds, directly or indirectly, 100% of the voting shares. The aggregate and individual financing limits for the companies were 200% and 100%, respectively, of the net equity of each company as stated in their respective latest financial statements. In addition, the aggregate and individual financing limits for TCC International Ltd. were 200% and 100%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for TCC New (Hangzhou) Management Company Limited were 600% and 300%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for TCC Development Ltd. were 200% and 200%, respectively, of its net equity as stated in its latest financial statements.

(Concluded)

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	Union Cement Traders Inc. TCC Investment Corporation TCC Chemical Corporation Jin Chang Minerals Corporation Ho Sheng Mining Co., Ltd. TCCI OYAK CEMENT PORTUGAL S.A.	b b b b b b f	\$ 102,035,909 102,035,909 102,035,909 102,035,909 102,035,909 102,035,909 102,035,909	\$ 1,420,000 2,570,000 1,499,117 68,848 99,884 28,465,250 3,025,000	\$ 1,420,000 2,570,000 1,499,117 68,848 99,884 6,294,080 -	\$ 1,020,000 1,540,000 829,117 39,814 99,884 - -	- - - 39,814 99,884 - -	0.70 1.26 0.73 0.03 0.05 3.08 -	\$ 204,071,817 204,071,817 204,071,817 204,071,817 204,071,817 204,071,817 204,071,817	Y Y Y Y Y Y N	N N N N N N N	N N N N N N N	
1	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	c	1,125,773	137,462	137,462	137,462	-	36.63	1,125,773	N	Y	N	
2	TCC Green Energy Corporation	TCC Chemical Corporation	a	3,098,101	6,117	6,117	6,117	-	0.20	3,098,101	N	N	N	
3	TCCIH	TCC Yingde Cement Co., Ltd. Jurong TCC Cement Co., Ltd. TCC Fuzhou Cement Co., Ltd. TCC Liaoning Cement Company Limited TCC (Guigang) Cement Ltd. TCC Chongqing Cement Co., Limited Guizhou Kong On Cement Company Limited Guizhou Kaili Rui An Jian Cai Co., Ltd. TCC Guangan Cement Company Ltd. TCC Anshun Cement Company Limited TCC Huahua Cement Company Limited TCC Jingzhou Cement Company Limited	b b	73,666,328 73,666,328	2,277,882 2,811,524 1,159,355 879,105 8,405,887 1,794,258 305,525 603,800 305,961 655,631 830,465 262,252 2,273,407 2,017,411 1,147,977 869,231 7,416,704 1,752,406 287,648 284,800 305,961 655,631 830,465 262,252	- -	- -	1.54 1.37 0.78 0.59 5.03 1.19 0.20 0.19 0.21 0.45 0.56 0.18	147,332,657 147,332,657	Y Y	N N	Y Y		

(Continued)

Note 1: Limits on endorsement/guarantee given on behalf of each party were as follows:

- a. i. For endorsements/guarantees given by Taiwan Cement Corporation due to business transactions, 50% of the business transaction amounts in the previous year.
- ii. Except for i, the aggregate and individual endorsements/guarantees given by Taiwan Cement Corporation were the net equity in its respective latest financial statements and 50% of the net equity in its respective latest financial statements.
- b. Ho Sheng Mining Co., Ltd. guaranteed by land use lease agreement.
- c. Jin Chang Minerals Corporation guaranteed by deposit contract.

Note 2: Aggregate endorsement/guarantee limit was 300% of its net equity in its latest financial statements for Ho Sheng Mining Co., Ltd., and the limit for other the endorser/guarantors was the net equity in their respective latest financial statements.

Note 3: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- a. Having a business relationship.
- b. The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- c. The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- d. Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- e. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for the purposes of undertaking a construction project.
- f. Due to joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- g. Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Concluded)

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	
Taiwan Cement Corporation	Ordinary shares	-	FVTPL - current	7,522	\$ 101,174	-	
	Chien Kuo Construction Co., Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	101,931	-	\$ 101,174
	Taiwan Television Enterprise, Ltd.	-	FVTPL - current	3,576	70,439	-	101,931
	Chinatrust Financial Holding Co., Ltd.	The Corporation serves as director	FVTOCI - current	30,196	1,432,808	-	70,439
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	63,865	846,206	-	1,432,808
	Taishin Financial Holding Co., Ltd.	The Corporation serves as director	FVTOCI - current	9,054	345,876	-	846,206
	CTCI Corporation	Directors	FVTOCI - current	27,419	522,340	-	345,876
	Chia Hsin Cement Corporation	The Corporation serves as director	FVTOCI - current	32,809	227,365	-	522,340
	O-Bank	-	FVTOCI - non-current	2,626	14,509	8.3	227,365
	IBT II Venture Capital Corporation	The Corporation serves as director	FVTOCI - non-current	29,553	1,160,235	9.4	14,509
	Chinatrust Investment Co., Ltd.	The Corporation serves as supervisor	FVTOCI - non-current	6,204	8,996	5.4	1,160,235
	Pan Asia Corporation	The Corporation serves as director	FVTOCI - non-current	49,731	4,469,268	6.6	8,996
	Taiwan Stock Exchange Corporation	-	FVTOCI - non-current	600	-	9.5	4,469,268
	Excel Corporation	-	FVTOCI - non-current	-	-	-	-
	Convertible preference shares						
	O-Bank	The Corporation serves as director	FVTOCI - current	2,956	30,002	-	30,002
Taiwan Transport & Storage Corporation	Ordinary shares	Director of parent company	FVTOCI - current	8,632	164,431	-	164,431
Chia Hsin Cement Corporation	Ordinary shares	The Corporation serves as director	FVTOCI - current	24,214	167,805	-	167,805
O-Bank	Director of parent company	Director of parent company	FVTOCI - current	12,217	161,873	-	161,873
Taiwan Investment Corporation	Ordinary shares	Director of parent company	FVTOCI - current	8,334	158,761	-	158,761
O-Bank	China Conch Venture Holdings Limited	The Corporation serves as director	FVTOCI - non-current	28,000	3,877,219	-	3,877,219
Taishin Financial Holding Co., Ltd.	Chinatrust Investment Co., Ltd.	The Corporation serves as supervisor	FVTOCI - non-current	10,884	427,300	3.5	427,300
Chia Hsin Cement Corporation	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	1	14	-	14
Convertible preference shares							
O-Bank	The Corporation serves as director	The Corporation serves as director	FVTOCI - current	2,182	22,143	-	22,143
Ta-Ho Maritime Corporation	Ordinary shares	Director of parent company	FVTPL - current	951	63,350	-	63,350
Prosperity Dielectrics Co., Ltd.	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	490,752	-	490,752
Chia Hsin Cement Corporation	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	6,612	259,574	2.1	259,574

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	
TCC Chemical Corporation	Ordinary shares Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,840	\$ 255,197	-	\$ 255,197
Hoping Industrial Port Corporation	Ordinary shares China Trust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	410,019	3.3	410,019
E.G.C. Cement Corporation	Ordinary shares Feng Yu United Engineering Company	-	FVTPL - current	97	-	0.1	-
Union Cement Traders Inc.	Ordinary shares Taishin Financial Holding Co., Ltd. CTCI Corporation Chia Hsin Cement Corporation Videoland Inc.	The Corporation serve as director Director of parent company -	FVTOCI - current FVTOCI - current FVTOCI - current FVTOCI - non-current	28,212 13,365 7,441 6,437	373,803 510,555 141,751 234,066	- - - 5.6	373,803 510,555 141,751 234,066
TCCI (Group)	Ordinary shares Anhui Conch Cement Co., Ltd. Yargoon Co., Ltd.	- -	FVTOCI - non-current FVTOCI - non-current	116,568 19	20,786,890 -	- 12.5	20,786,890 -

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities within the scope of IFRS 9 "Financial Instruments".

Note 2: See Tables 8 and 9 for the information on investments in subsidiaries, associates and joint ventures.

(Concluded)

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Gain/Loss on Disposal (Note 4)	Other Adjustment (Note 1)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount			Shares/Units (In Thousands)	Amount
Taiwan Cement Corporation	Shares Taiwan Prosperity Chemical Corporation	Investments accounted for using the equity method	-	Subsidiaries	116,791	\$ 658,029	41,053	\$ 738,955	-	\$ -	\$ -	\$ (662,096)	93,857	\$ 734,888
Taiwan Prosperity Chemical Corporation	Taishin Financial Holding Co., Ltd.	FVTOCI - current	-	-	78,462	1,137,697	-	-	78,462	1,003,813	-	(133,884)	-	-
Jurong TCC Cement Co., Ltd.	TCC Huaihua Cement Company Limited	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	865,517	-	-	-	2,339,123	-	3,204,640
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Investments accounted for using the equity method	-	Subsidiaries	-	1,409,887	-	583,390	-	-	-	131,040	-	2,124,317
TCC (Guizang) Cement Ltd.	TCC (Hangzhou) Recycle Resource Technology Limited	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	419,100	-	-	-	18,810	-	437,910
TCC International (Guangxi) Ltd.	TCC (Hangzhou) Recycle Resource Technology Limited	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	2,014,340	-	-	-	(347)	-	2,013,993
Jingyang Industrial Limited	Jurong TCC Environmental Co., Ltd.	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	507,738	-	-	-	6,932	-	514,670

Note 1: Including accumulated gain from retained earnings in the amount of \$191,076 thousand which is reclassified from unrealized gain on financial assets at FVTOCI due to disposal.

Note 2: Unrealized loss on financial assets at FVTOCI in this period.

Note 3: Including the profit and loss parts of subsidiaries recognized under the equity method and adjustments to shareholder's equity.

Note 4: Including the shares of capital reduction in 63,987 thousand shares handled by Taiwan Prosperity Chemical Corporation to offset a deficit.



## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party	Pricing Reference	Purpose of Acquisition	Other Terms			
							Property Owner	Transaction Date	Amount				
Taiwan Cement Corporation	The buildings and land of the second plant of ready mixed concrete plant in Taoyuan	2020.11.23	\$ 1,686,428	Paid	Chia Hsin Property Management and Development Corp.	Management personnel in substance	-	-	\$ -	Participate in tenders by referring to the appraisal result and the current market quotation (Note1) Refer to the price approved by "the 161st review meeting held by the committee for reviewing price for lease and sale of land or buildings in industrial parks of Industrial Development Bureau, Ministry of Economic Affairs" (Note 4)	For operating purpose  For operating purpose	None  None	
	Land in Hoping Industrial Park, Hualien County	2020.12.15	1,861,848 (Note 2)	By negotiation (Note 3)	Industrial Development Bureau, Ministry of Economic Affairs	Neither are related-party	-	-	-				

Note 1: The period between Chia Hsin Property Management and Development Corp. acquired the subject land and the date the subject contract was entered into was over five years; therefore, Articles 16 and 17 of the Criteria for Handling Acquisition and Disposal of Assets by Public Companies are not applicable.

Note 2: Consideration of land purchase plus 1% industrial park development funds.

Note 3: The deposit, as 3% of the total consideration, had been paid in March 2021.

Note 4: Transaction was made with government agency; therefore, no appraisal report was required in accordance with the Criteria for Handling Acquisition and Disposal of Assets by Public Companies.

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	
Taiwan Cement Corporation	Feng Shang Enterprise Company	Subsidiary	Sales	\$ (447,418)	(2)	30 days	\$ -	\$ 117,249	23	
	TCCIH	Subsidiary	Purchases	211,093	1	30 days	-	(12,940)	(2)	
	HKCCL	Subsidiary	Service revenue	(437,173)	(2)	By contract	-	37,689	7	
	E.G.C. Cement Corporation	Subsidiary	Sales	(481,404)	(2)	65 days after the day shipment was made	-	99,810	20	
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	(484,272)	(2)	50 days after the day delivery was made	-	138,432	27	
	Hoping Industrial Port Corporation	Subsidiary	Purchases	638,719	4	30 days	-	(71,965)	(9)	
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	520,793	3	20 days	-	(34,140)	(4)	
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	1,446,657	8	30 days	-	(355,118)	(45)	
	Jin Chang Minerals Corporation	Subsidiary	Purchases	686,835	4	30 days	-	(54,779)	(7)	
	Chia Hsin Cement Corporation	Director of the Corporation	Purchases	180,746	1	30 days	-	(7,418)	(1)	
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Sales	(453,720)	(2)	65 days after the day delivery was made	-	73,133	14	
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	254,573	1	By contract	-	(89,959)	(11)	
	Hoping Industrial Port Corporation	The same parent company	Purchases	760,215	4	60 days	-	(147,713)	(19)	
	HPC Power Service Corporation	The same parent company	Sales	(138,150)	(1)	60 days	-	27,889	6	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	1,129,955	24	20 days	-	(17,368)	(13)	
	HPC Power Service Corporation	The same parent company	Purchases	484,855	10	By contract	-	(101,189)	(77)	
Hoping Industrial Port Corporation	Taiwan Cement Corporation	Parent company	Sales	(520,793)	(30)	20 days	-	34,140	64	
	Ho-Ping Power Company	The same parent company	Sales	(1,129,955)	(66)	20 days	-	17,368	32	
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	216,487	79	30 days	-	(17,290)	(44)	
Feng Shang Enterprise Company	Taiwan Cement Corporation	Parent company	Purchases	447,418	16	30 days	-	(117,249)	(100)	
			Sales	(211,093)	(7)	30 days	-	12,940	100	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	\$ (638,719)	(43)	30 days	\$ -	-	\$ 71,965	56	
	Hoping Industrial Port Corporation	The same parent company	Sales	(216,487)	(14)	30 days	-	-	17,290	14	
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(194,533)	(13)	30 days	-	-	26,062	20	
	Linyuan Advanced Materials Technology Co., Ltd.	The same chairman	Sales	(137,694)	(9)	30 days	-	-	14,868	12	
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Sales	(1,446,657)	(58)	30 days	-	-	355,118	89	
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	437,173	100	By contract	-	-	(37,689)	(100)	
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(686,835)	(96)	30 days	-	-	54,779	97	
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(484,855)	(100)	By contract	-	-	101,189	100	
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(625,239)	(88)	By negotiation	-	-	241,794	100	
Guigang Da-Ho Shipping Co., Ltd.	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(305,738)	(24)	By negotiation	-	-	80,395	26	
	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(516,257)	(40)	By negotiation	-	-	223,211	72	
TCC (Guigang) Cement Ltd.	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	625,239	9	By negotiation	-	-	(241,794)	(3)	
	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	516,257	7	By negotiation	-	-	(223,211)	(3)	
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	305,738	4	By negotiation	-	-	(80,395)	(3)	
HKCCL	Taiwan Cement Corporation	Parent company	Purchases	481,404	87	65 days after the day shipment was made	-	-	(99,810)	(76)	
	Quon Hing Concrete Co., Ltd.	Associates	Sales	(284,658)	(37)	By negotiation	-	-	116,879	44	
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	484,272	100	50 days after the day delivery was made	-	-	(138,432)	(100)	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	\$ (180,746)	(100)	30 days	\$ -	-	\$ 7,418	100	
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(254,573)	(21)	By contract	-	-	89,959	83	

Note: The percentage to total accounts receivable from (payable to) related parties.

(Concluded)

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL  
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Taiwan Cement Corporation	E.G.C. Cement Corporation	Subsidiary	\$ 138,432	4.1	\$ -	-	\$ 100,139	\$ -
Taiwan Cement Corporation	Feng Sheng Enterprise Company	Subsidiary	117,249	3.7	-	-	111,396	-
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	355,118	4.7	-	-	355,118	-
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	101,189	4.9	-	-	101,189	-
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	223,211	2.6	-	-	214,154	-
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	241,794	3.4	-	-	237,042	-
HKCCL	Quon Hing Concrete Co., Ltd.	Associates	116,879	3.0	-	-	63,770	-

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares/Units (In Thousands)	As of December 31, 2020		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019		%	Carrying Amount			
Taiwan Cement Corporation	TCCI Ho-Ping Power Company Hoping Industrial Port Corporation Ta-Ho Maritime Corporation Taiwan Prosperity Chemical Corporation Taiwan Transport & Storage Corporation	British Virgin Islands Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan	Investment holding Thermal power generation Hoping Industrial Port management Marine transportation Processing and sale of chemical material Warehousing, transportation and sale of sand and gravel Investment Mining excavation Rubber raw materials Engineering services	\$ 33,774,761 6,037,720 3,198,500 528,506 1,731,127 90,863	\$ 33,774,761 6,037,720 3,198,500 528,506 992,173 90,862	1,100,876 805,940 319,990 143,566 93,857 40,541	100.00 59.50 100.00 64.79 71.10 83.85	\$ 10,678,591 7,268,550 806,115 495,557 (483,458) 243,314	\$ 10,678,591 4,324,787 806,091 321,058 (168,344) 204,009		
	TCC Investment Corporation Ho Sheng Mining Co., Ltd. CCC USA Corp. Taiwan Cement Engineering Corporation	Taiwan Taiwan U.S.A. Taiwan	Investment Mining excavation Rubber raw materials Engineering services	190,000 1,414,358 1,284,421 320,373	190,000 1,414,358 1,284,421 319,439	117,400 30,100 79 59,670	100.00 100.00 33.33 99.18	160,858 138,125 127,958 3,655	160,858 138,125 42,652 5,000		
	ONYX Ta-Ho Environmental Services Co., Ltd. Kuana-Ho Refractories Industry Corporation	Taiwan Taiwan	Waste collection and treatment Production and sale of refractory materials	72,000 181,050	72,000 181,050	30,176 18,105	50.00 95.29	708,582 135,117	354,290 128,753		
	Feng Sheng Enterprise Company TCC Chemical Corporation TCC Information Systems Corporation	Taiwan Taiwan Taiwan	Sale of ready-mixed concrete Leasing property and energy technology services Information software design	250,000 1,510,842 71,000	250,000 1,510,842 71,000	27,261 240,000 14,904	45.43 100.00 99.36	157,887 85,870 14,710	71,735 109,031 14,616		
	Ta-Ho RSEA Environment Co., Ltd. HKCMCL TCC Green Energy Corporation Jin Chang Minerals Corporation HPC Power Service Corporation E.G.C. Cement Corporation Synpac Ltd. Tung Chen Mineral Corporation TMC TPMC	Taiwan Hong Kong Taiwan Taiwan Taiwan Taiwan Taiwan British Virgin Islands Taiwan Philippines Philippines Cayman Islands Taiwan	Waste collection and treatment Investment holding Renewable energy generation Afforestation and sale of limestone Business consulting Sale of cement Investment Afforestation and sale of limestone Mining excavation Mining excavation Investment holding Investment	666,000 72,005 3,146,046 18,042 1,861 184,359 70,367 70,367 11,880 2,105 40,701,671 3,563,397	666,000 72,005 3,146,046 18,042 1,861 184,359 70,367 70,367 11,880 2,105 40,701,671 3,563,397	39,960 38 320,899 5,400 6 8,063 2,700 2,000 120 20 2,581,832 153,477	66.60 84.65 100.00 100.00 60.00 50.64 25.00 99.45 72.70 40.00 38.28 15.59	(8,967) 71,403 1,384,605 4,938 118,401 196,273 34,886 6 (42) - - 15,927,223 726,555	(5,972) 60,445 (14,777) 4,938 117,764 17,668 2 (42) - - 6,096,941 135,069		
	TCCOH International CSRC Investment Holdings Co., Ltd. Taiwan Cement Dutch TCC Recycle Energy Technology Company	Netherlands Taiwan	Investment holding Manufacturing and sale of batteries, power generation machinery, electronic components, etc. Investment holding Investment holding	29,695,730 1,190,225	29,470,972 1,190,225	838 117,364	100.00 18.19	731,797 (258,304)	731,797 (46,994)		
	TCCMOII TCC Sustainable Energy Investment Corporation TCC Energy Storage Technology Corporation	Singapore Taiwan Taiwan	Investment holding Investment holding Energy storage equipment manufacturing production and sales	1,239 1,000 1,000	1,239 - -	30 100 100	100.00 100.00 100.00	(189) (25) (16)	(189) (25) (16)		
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation E.G.C. Cement Corporation Tai-Jie Transport & Storage Corporation	Taiwan Taiwan Taiwan	Marine transportation Sale of cement Transportation	301,524 136,476 25,000	301,524 136,476 25,000	64,720 7,857 2,500	29.21 49.36 100.00	495,557 34,886 8,358	144,734 17,219 8,358		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Shares of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares/Units (In Thousands)	%	Carrying Amount			
TCC Investment Corporation	Union Cement Traders Inc. Ho-Ping Power Company Taiwan Prosperity Chemical Corporation Ta-Ho Maritime Corporation International CSRC Investment Holdings Co., Ltd. TCC Recycle Energy Technology Company	Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan	Import and export trading Thermal power generation Processing and sale of chemical material Marine transportation Investment Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	\$ 219,450 68,911 10,528 343 388,079 312,833	\$ 219,450 68,911 10,528 343 388,079 312,833	24,500 6,773 298 42 22,009 31,860	100.00 0.50 0.23 0.02 2.23 4.94	\$ 776,556 150,142 2,329 776 722,465 206,663	\$ 37,438 36,343 (1,090) 93 19,368 (12,757)		
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	549,664	325,995	19,300	100.00	4,665,395	308,040	308,040	
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd. International CSRC Investment Holdings Co., Ltd.	Samoa Taiwan	Investment Investment	3,042 49,882	3,042 49,882	2,128 2,055	100.00 0.21	48,986 67,515	(84) 1,809	(84)	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation TCC Recycle Energy Technology Company	Taiwan Taiwan	Processing and sale of chemical material Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	104,929 112,898	104,929 112,898	3,018 11,696	2.29 1.81	23,630 75,866	(483,458) (258,304)	(11,053) (4,683)	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation TCC Recycle Energy Technology Company	Taiwan Taiwan	Warehousing, transportation and sale of sand and gravel Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	2,612 298,046	2,612 298,046	324 30,703	0.67 4.76	16,013 199,159	1,632 (12,294)	1,632 (12,294)	
Ho-Ping Power Company	International CSRC Investment Holdings Co., Ltd. Ho-Ping Renewable Energy Company	Taiwan Taiwan	Investment Renewable energy generation	281,806 1,000	281,806 1,000	11,464 100	1.16 100.00	376,540 997	10,089 (2)	10,089 (2)	
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation TCC Yun-Kai Green Energy Corporation TCC Lien-Shen Green Energy Corporation TCC Chang-Ho Green Energy Corporation TCC Kao Cheng Green Energy Corporation TCC Nan Chung Green Energy Corporation Chang-Wang Wind Power Co., Ltd. TCC Ping-Zhi Green Energy Corporation Chia-Ho Green Energy Corporation	Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan	Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation Renewable energy generation	1,002,000 25,000 12,000 5,000 82,000 170,000 720,000 2,000 50,000	752,000 25,000 12,000 5,000 12,000 170,000 720,000 2,000 -	100,200 2,500 1,200 246 8,200 17,000 72,000 200 5,000	100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00 100.00	930,205 22,264 9,051 2,410 81,750 168,255 668,919 1,917 49,624	(28,562) (308) (39) (46) 1,850 513 (3,624) (38) (376)	(28,562) (308) (39) (46) 1,850 513 (3,624) (38) (376)	
Ta-Ho Maritime Holdings Ltd.	THC International S.A. Ta-Ho Maritime (Hong Kong) Limited Ta-Ho Maritime (Singapore) Pte. Ltd.	Panama Hong Kong Singapore	Marine transportation Marine transportation Marine transportation	1,119,549 145,248 2,848	908,694 152,898 2,998	39,310 5,100 100	100.00 100.00 100.00	3,725,099 861,121 68,922	178,240 130,341 (266)	178,240 130,341 (266)	
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd. Hong Kong Concrete Co., Ltd.	Hong Kong Hong Kong	Investment holding Cement processing services	163,415 25,057	171,246 26,258	100 129	50.00 31.50	130,615 151,692	(25,342) (20,297)	(25,342) (20,297)	
Taiwan Cement Dutch	Cimpor Global Holdings B.V.	Netherlands	Holding company	27,014,590	29,380,273	100	40.00	28,748,060	761,857	761,857	

(Concluded)



## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outflow	Inflow							
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	\$ 462,800	(b)	\$ 261,482	\$ -	\$ -	\$ 261,482	\$ (10,846)	100.00	\$ (10,846)	\$ 945,906	\$ -	
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facilities	142,400	(b)	80,456	-	-	80,456	5,912	100.00	5,912	276,565	-	
TCC Luzhou Construction Materials Company Limited	Manufacturing and sale of slag powder	384,480	(b)	92,275	-	-	92,275	121,569	42.00	51,059	400,856	-	
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,245,312	(b)	4,527,209	-	-	4,527,209	4,729,788	100.00	4,729,788	30,479,983	-	
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	6,635,840	(b)	3,873,138	-	-	3,873,138	2,087,629	100.00	2,087,629	18,060,978	-	
TCC (Guizhou) Cement Ltd.	Manufacturing and sale of cement	9,480,306	(b)	6,781,085	-	-	6,781,085	3,349,751	100.00	3,349,751	26,954,645	-	
Jiangsu TCC Investment Co., Ltd.	Investment	1,424,000	(b)	804,560	-	-	804,560	585,652	100.00	585,652	4,017,167	-	
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,873,837	(b)	3,093,871	-	-	3,093,871	2,565,072	100.00	2,565,072	18,018,965	-	
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,623,867	(b)	1,269,681	-	-	1,269,681	88,067	100.00	88,067	1,753,961	-	
TCC Aushan Cement Company Limited	Manufacturing and sale of cement	4,371,395	(b)	3,184,804	-	-	3,184,804	95,316	100.00	95,316	7,640,155	-	
TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	3,360,640	(b)	2,429,952	-	-	2,429,952	1,082,499	100.00	1,082,499	9,372,765	-	
Guangdong Changqing Cement Co., Ltd.	Manufacturing and sale of cement	2,192,675	(b)	1,591,900	-	-	1,591,900	643,238	100.00	643,238	5,466,228	-	
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	569,600	(b)	321,824	-	-	321,824	(10,405)	100.00	(10,405)	316,792	-	
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	578,144	(b)	260,597	-	-	260,597	(59,175)	65.00	(59,175)	463,482	-	
TCC New (Hangzhou) Management Company Limited	Operation management	227,840	(b)	128,730	-	-	128,730	147	100.00	147	175,761	-	
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,705,544	(b)	1,018,855	-	-	1,018,855	(14,353)	100.00	(14,353)	3,759,184	-	
TCC Shaoguan Cement Co., Limited	Manufacturing and sale of cement	1,967,968	(b)	1,844,080	-	-	1,844,080	(35,746)	100.00	(35,746)	1,937,855	-	
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,157,625	(b)	2,940,765	-	-	2,940,765	91,694	100.00	91,694	3,748,106	-	
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	1,313,100	(b)	5,383,341	-	-	5,383,341	259,276	100.00	259,276	4,644,406	-	
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	656,550	(b)	-	-	-	-	80,952	100.00	80,952	2,124,317	-	
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	43,770	(b)	-	-	-	-	(7,381)	100.00	(7,381)	43,395	-	
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	113,920	(b)	356,196	-	-	356,196	62,010	100.00	62,010	318,215	-	
TCC Yingde Mining Industrial Company Limited	Mining excavation	327,520	(b)	257,677	-	-	257,677	4,917	100.00	4,917	390,274	-	
TCC Guizhou Mining Industrial Company Limited	Mining excavation	142,400	(b)	122,995	-	-	122,995	12,361	100.00	12,361	384,797	-	
Seitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	641,274	(b)	-	-	-	-	75,341	100.00	75,341	570,570	-	
Seitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	1,728,915	(b)	-	-	-	-	224,423	100.00	224,423	3,144,787	-	
Seitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	101,765	(b)	-	-	-	-	144	100.00	144	5,246	-	
Seitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	109,425	(b)	-	-	-	-	(10,231)	100.00	(10,231)	114,379	-	
Anshun Xin Tai Construction Materials Company Limited	Sand and gravel and sale of ready-mixed concrete	65,655	(b)	87,528	-	-	87,528	279	100.00	279	63,620	-	
Fuzhou TCC Information Technology Co., Ltd. (Note 5)	Software product and equipment maintenance	2,955	(b)	2,955	-	-	2,955	1,821	100.00	1,821	13,511	39,372	
Da Tong (Guizhou) International Logistics Co., Ltd. (Note 5)	Logistics and transportation	142,400	(b)	-	-	-	-	130,518	100.00	130,518	845,714	-	
Da Tong (Ying De) Logistics Co., Ltd. (Note 5)	Logistics and transportation	21,885	(b)	-	-	-	-	13,664	100.00	13,664	123,515	-	
Guizhou Da-Ho Shipping Co., Ltd. (Note 5)	Marine transportation	17,508	(b)	-	-	-	-	83,238	100.00	83,238	8473,232	-	

(Continued)

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outflow	Inflow							
Prosperity Conch Cement Co., Ltd.	Manufacturing and sale of cement	\$ 2,538,660	(b)	\$ 2,096,867	\$ -	\$ -	\$ 2,096,867	\$ 5,373,904	25.00	\$ 1,343,476	\$ 7,247,911	\$ -	Note 3
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,611,025	(b)	1,367,066	-	-	1,367,066	873,312	30.00	261,994	1,742,842	-	Note 3
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	1,805,863	(b)	661,995	-	-	661,995	1,015,003	30.00	304,501	1,140,060	-	Note 3
Sichuan Taichang Building Material Group Company Limited	Manufacturing and sale of cement	875,400	(b)	330,926	-	-	330,926	295,534	30.00	88,660	488,397	-	
Yingling Xinan New material Co., Ltd.	Manufacturing and sale of cement	87,540	(b)	-	-	-	-	-	30.00	-	(167,446)	-	
Guangan Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	67,844	(b)	45,178	-	-	45,178	-	50.00	-	-	-	
Guigang TCC Dongyuan Environmental Technology Company Limited	Dangerous waste treatment	512,109	(b)	512,109	-	-	512,109	28,960	100.00	28,960	570,171	-	
Beijing TCC Environment Technology Co., Ltd.	Technology development, business management and sales	26,262	(b)	26,262	-	-	26,262	(26,025)	100.00	(26,025)	(21,092)	-	
TCC (Hangzhou) Environment Technology Limited	Environment, cement, business management consulting	3,063,900	(b)	3,063,900	-	-	3,063,900	(237,730)	100.00	(237,730)	2,659,071	-	
Kaili TCC Environment Technology Co., Ltd.	Waste collection and treatment	13,131	(b)	13,131	-	-	13,131	(3,915)	100.00	(3,915)	24,081	-	
TCC Jiyuan (Xuyong) Environmental Technology Co., Ltd.	Technology development, business management and sales	17,508	(b)	9,629	-	-	9,629	551	55.00	303	8,743	-	
TCC (Hangzhou) Recycle Resource Technology Limited	Resource recycling technology development, business management and sales	2,451,120	(b)	-	-	-	-	4,117	100.00	4,117	2,451,903	-	
Guangan TCC Jiyuan Environmental Protection Technology Co., Ltd.	Technology development, business management consulting	8,754	(b)	-	-	-	-	(10)	45.00	(4)	3,929	-	
Guigang Conch-TCC New Material Technology Co., Ltd.	Technology development and service, chemical production	13,131	(b)	-	-	-	-	(2,881)	40.00	(1,152)	4,065	-	
Jurong TCC Environmental Co., Ltd.	Dangerous waste treatment	656,550	(b)	-	-	-	-	-	100.00	-	655,631	-	

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$69,574,958	\$70,216,895	(Note 6)

Note 1: The method of investments were as two follows:

- investments in mainland China companies were through a company invested and established in a third region.
- Direct investment in mainland companies.

Note 2: Including outward remittance from offshore subsidiaries.

Note 3: Investment gain (loss) was based on the associates' audited financial statements except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considers that there would be no significant adjustments if such financial statements were to be audited.

Note 4: As of December 31, 2020, the accumulated outward remittance for investments was a total of those from TCC Huahua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huahua Concrete Company Limited.

Note 5: Including the amounts attributable to non-controlling interests.

Note 6: The Corporation received a confirmation letter of Operation Headquarter from the Industrial Development Bureau of the MOEA in March 2020 stating that the Corporation is not limited by the restriction on the accumulated percentage or amount of investment in mainland China.

B. See Tables 1, 2, 4 and 6 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

(Concluded)

# TAIWAN CEMENT CORPORATION

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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**TAIWAN CEMENT CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

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<b>Item</b>	<b>Period</b>	<b>Annual Rate of Return</b>	<b>Amount</b>
Cash			
Cash on hand			\$ 1,286
Checking accounts and demand deposits (Note)			<u>5,478,962</u>
			<u>5,480,248</u>
Cash equivalents			
Time deposits with original maturity dates within 3 months	2020.11.16-2021.03.15	0.23%-0.35%	6,000,000
Bonds issued under repurchase agreements (Note)		0.21%-0.40%	<u>528,166</u>
			<u>6,528,166</u>
			<u>\$ 12,008,414</u>

Note: Including US\$18,262 thousand, the rate of exchange US\$1=\$28.48.

**TAIWAN CEMENT CORPORATION****STATEMENT OF FINANCIAL ASSETS AT FVTOCI - CURRENT****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)**

Name of Financial Instruments	Number of Shares (In Thousands)	Cost of Acquisition	Fair Value (Note)	
			Unit Price	Total Amount
Taishin Financial Holding Co., Ltd.	63,865	\$ 646,575	\$13.25	\$ 846,206
CTCI Corporation	9,054	200,438	38.20	345,876
Chia Hsin Cement Corporation	27,419	305,388	19.05	522,340
China Hi-Ment Corporation	30,196	261,546	47.45	1,432,808
O-Bank				
Ordinary shares	32,809	305,799	6.93	227,365
Convertible preference shares	2,956	<u>29,559</u>	10.15	<u>30,002</u>
		<u>\$ 1,749,305</u>		<u>\$ 3,404,597</u>

Note: Calculated based on the closing price and the last strike price on December 31, 2020.

**TAIWAN CEMENT CORPORATION**

**STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE**

**DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars)**

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<b>Client Name (Note)</b>	<b>Amount</b>
Client A	\$ 201,127
Client B	168,840
Client C	155,701
Others	<u>4,305,157</u>
	4,830,825
Less: Allowance for doubtful accounts	<u>46,730</u>
	<u>\$ 4,784,095</u>

Note: The amount of individual client does not exceed 5% of the account balance.

**TAIWAN CEMENT CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Net Realizable Value</b>
Finished goods	\$ 434,242	\$ 457,011
Work in process	310,965	328,415
Raw materials	<u>724,981</u>	<u>515,655</u>
	1,470,188	<u>\$ 1,301,081</u>
Less: Allowance for write-downs (Note)	<u>240,444</u>	
	<u>\$ 1,229,744</u>	

Note: Included provision for obsolete inventory loss.



## TAIWAN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FVTOCI - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name of Securities	Balance at January 1, 2020		Addition		Unrealized Gain on Financial Instruments	Fair Value on December 31, 2020		Balance, December 31, 2020
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount		Number of Shares (In Thousands)	Unit Price	
Unlisted shares								
Taiwan Stock Exchange Corporation	48,282	\$ 4,121,823	1,449	\$ -	\$ 347,444	49,731	\$89.87	\$ 4,469,268
Chinatrust Investment Co., Ltd.	29,553	1,174,716	-	-	(14,481)	29,553	39.26	1,160,235
IBT II Venture Capital Corporation	2,626	14,509	-	-	-	2,626	5.53	14,509
Rong Gong Enterprise Co.	3,390	14,713	(3,390)	(53,969)	39,256	-	-	-
Pan Asia Corporation	6,204	8,996	-	-	-	6,204	1.45	8,996
Excel Corporation	600	-	-	-	-	600	-	-
		<u>\$ 5,334,757</u>		<u>\$ (53,968)</u>	<u>\$ 372,219</u>			<u>\$ 5,653,008</u>

## TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name	Balance, January 1, 2020		Changes for the Year		Investment Income or Loss for Using the Equity Method	Equity Adjustments (Note 1)	Shares (In Thousands)	Balance, December 31, 2020		Market Price	Total Amount
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount				Ownership	Amount		
Listed company	153,477	\$ 5,112,794	(22,934)	\$ 738,955	\$ 135,069	\$ (134,593)	153,477	15.6	\$ 5,082,574	\$ 25.9	\$ 3,975,051
International CSRC Investment Holdings Co., Ltd.	116,791	658,029	-	738,955	(168,344)	(493,752)	93,857	71.1	734,888	17.9	1,680,048
Taiwan Prosperity Chemical Corporation (Note 2)	-	5,770,823	-	-	(33,275)	(628,345)	-	-	5,817,462	-	5,655,099
Unlisted company	1,100,876	103,716,200	-	-	10,678,591	(3,063,807)	1,100,876	100.0	111,330,984	-	-
TCCI	2,581,832	49,332,748	-	-	6,096,941	969,252	2,581,832	38.3	56,398,941	-	-
Taiwan Cement Dutch (Note 2)	831	27,952,597	7	224,758	731,797	166,032	838	100.0	29,075,184	-	-
Ho-Ping Power Company	805,940	17,378,914	-	-	4,324,788	(112)	805,940	59.5	18,279,509	-	-
Hoping Industrial Port Corporation	319,990	5,703,414	-	-	(767,976)	(7,867)	319,990	100.0	5,733,662	-	-
TCC Investment Corporation (Note 3)	107,355	4,451,678	10,045	-	806,091	12,283	117,400	100.0	4,624,567	-	-
TCC Green Energy Corporation	320,899	3,164,051	-	-	(14,777)	-	320,899	100.0	3,149,254	-	-
Ta-Ho Maritime Corporation (Note 3)	130,514	2,575,734	13,062	-	321,058	(173,261)	143,566	64.8	2,684,377	-	-
Taiwan Transport & Storage Corporation (Note 3)	32,668	1,965,859	7,873	1	204,009	(89,304)	40,541	83.9	2,002,162	-	-
CCC USA Corp.	79	1,724,538	-	-	42,652	(87,754)	79	33.3	1,679,436	-	-
TCC Chemical Corporation	240,000	1,255,735	-	-	109,031	19,839	240,000	100.0	1,384,605	-	-
Ho Sheng Mining Co., Ltd.	30,100	1,181,453	-	-	138,125	-	30,100	100.0	1,319,558	-	-
TCC Recycle Energy Technology Company (Notes 2 and 4)	117,364	1,293,475	-	-	(46,994)	(2,144)	117,364	18.2	1,244,337	-	-
ONYX Ta-Ho Environmental Services Co., Ltd.	30,176	818,277	-	-	354,290	(1,311)	30,176	50.0	815,179	-	-
Taiwan Cement Engineering Corporation (Note 2)	59,593	732,796	77	934	(18,188)	203	59,670	99.2	720,745	-	-
Kuan-Ho Refractories Industry Corporation	18,105	450,426	-	-	128,753	1,237	18,105	95.3	513,065	-	-
HKCMCL	38	378,052	-	-	60,445	(19,444)	38	84.7	419,053	-	-
Feng Sheng Enterprise Company	27,261	362,317	-	-	71,735	(1,509)	27,261	45.4	401,193	-	-
TCC Information Systems Corporation	14,904	238,516	-	-	14,616	(1,614)	14,904	99.4	251,518	-	-
Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	666,000	193,848	(26,640)	-	(5,972)	-	39,960	66.6	187,876	-	-
Jin Chang Minerals Corporation (Note 3)	1,800	178,884	3,600	-	(269)	-	5,400	100.0	183,553	-	-
E.G.C. Cement Corporation	8,063	112,235	-	-	17,668	(30)	8,063	60.0	118,558	-	-
HPC Power Service Corporation	6	113,640	-	-	117,764	(1,227)	6	60.0	118,401	-	-
Sympac Ltd.	2,700	6,881	-	-	2	(344)	2,700	25.0	6,539	-	-
Tung Chen Mineral Corporation	20	1,311	-	-	(42)	-	20	99.5	1,269	-	-
TCC Energy Storage Technology Corporation (Note 2)	-	-	100	1,000	-	-	100	100.0	984	-	-
TCC Sustainable Energy Investment Corporation (Note 2)	-	-	100	1,000	(25)	-	100	100.0	975	-	-
TCCMOLI (Note 2)	30	713	-	-	(189)	(29)	30	100.0	495	-	-
TMC (Note 4)	120	-	-	-	-	-	120	72.7	-	-	-
TPMC (Note 4)	20	-	-	-	-	-	20	40.0	-	-	-
		\$ 231,055,055		\$ 966,648	\$ 24,287,862	\$ (2,909,256)			\$ 242,645,759		\$ 248,463,221

Note 1: Including exchange differences on translating foreign operations and investee company changes in equity.

Note 2: Taiwan Cement Dutch increased its capital by \$224,758 thousand (7 thousand shares); Taiwan Cement Engineering Corporation increased its capital by \$934 thousand (77 thousand shares); Ta-Ho Onyx RSEA Environment Co., Ltd. reduced its capital by 26,640 thousand shares to offset a deficit; Taiwan Prosperity Chemical Corporation reduced its capital by 63,987 thousand shares to offset a deficit and increased its capital by \$738,955 thousand (41,053 thousand shares); TCC Energy Storage Technology Corporation increased its capital by \$1,000 thousand (100 thousand shares); TCC Sustainable Energy Investment Corporation increased its capital by \$1,000 thousand (100 thousand shares).

Note 3: The increase in the number of shares in the current year is due to the transfer of retained earnings to common stock and purchase of fractional shares.

Note 4: Due to the recognition of investment losses in TMC and TPMC, credit balances of \$20,556 thousand and \$20,511 thousand were generated, which were recorded in other non-current liabilities as of December 31, 2020 and 2019, respectively.

Note 5: It was calculated based on the closing price on December 31, 2020.

## TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

Item	Land	Buildings	Machinery and Equipment	Others	Total
Cost					
Balance at January 1, 2020	\$ 237,765	\$ 1,150,301	\$ 299,414	\$ 46,312	\$ 1,733,792
Additions	89,567	1,094	48,449	17,942	157,052
Reclassification	12,393	1,648	73,766	(4,662)	83,145
Disposals	<u>(23,607)</u>	<u>(6,420)</u>	<u>(38,082)</u>	<u>(4,371)</u>	<u>(72,480)</u>
Balance at December 31, 2020	<u>\$ 316,118</u>	<u>\$ 1,146,623</u>	<u>\$ 383,547</u>	<u>\$ 55,221</u>	<u>\$ 1,901,509</u>
Accumulated depreciation					
Balance at January 1, 2020	\$ 63,664	\$ 150,216	\$ 93,754	\$ 11,820	\$ 319,454
Depreciation expenses	75,222	148,373	103,293	13,157	340,045
Disposals	<u>(23,226)</u>	<u>(6,420)</u>	<u>(38,082)</u>	<u>(4,453)</u>	<u>(72,181)</u>
Balance at December 31, 2020	<u>\$ 115,660</u>	<u>\$ 292,169</u>	<u>\$ 158,965</u>	<u>\$ 20,524</u>	<u>\$ 587,318</u>
Carrying amounts at December 31, 2020	<u>\$ 200,458</u>	<u>\$ 854,454</u>	<u>\$ 224,582</u>	<u>\$ 34,697</u>	<u>\$ 1,314,191</u>

## TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENT PROPERTIES  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2020	Addition	Reclassification	Balance at December 31, 2020
Cost				
Land	\$ 3,996,172	\$ -	\$ (1,383,270)	\$ 2,612,902
Buildings	<u>261,132</u>	<u>-</u>	<u>-</u>	<u>261,132</u>
	<u>4,257,304</u>	<u>-</u>	<u>(1,383,270)</u>	<u>2,874,034</u>
Accumulated depreciation				
Buildings	<u>228,414</u>	<u>88</u>	<u>-</u>	<u>228,502</u>
Accumulated impairment				
Land	653,377	-	(534,716)	118,661
Buildings	<u>23,522</u>	<u>-</u>	<u>-</u>	<u>23,522</u>
	<u>676,899</u>	<u>-</u>	<u>(534,716)</u>	<u>142,183</u>
	<u>\$ 3,351,991</u>	<u>\$ (88)</u>	<u>\$ (848,554)</u>	<u>\$ 2,503,349</u>

## TAIWAN CEMENT CORPORATION

## STATEMENT OF SHORT-TERM LOANS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item (Note 1)	Loan Period	Amount
Bank loans - unsecured		
Export-Import Bank of the Republic of China	2020/06/12-2021/06/11	\$ 400,000
Fubon Commercial Bank Co., Ltd.	2020/10/20-2021/01/20	1,120,000
Land Bank of Taiwan (Ren Ai)	2020/10/21-2021/01/21	880,000
DBS Bank	2020/10/30-2021/01/29	1,500,000
E.SUN Bank	2020/11/20-2021/01/20	2,000,000
Crédit Agricole Corporate and Investment Bank	2020/11/27-2021/02/25	1,000,000
Sumitomo Mitsui Banking Corporation (Taipei)	2020/11/27-2021/02/25	1,400,000
The Bank Of Tokyo-Mitsubishi UFJ, Ltd.	2020/11/27-2021/02/25	1,988,000
First Commercial Bank (Chung -Shan)	2020/11/27-2021/02/25	2,500,000
Oversea-Chinese Banking Corporation Ltd.	2020/11/27-2021/02/25	1,000,000
Citi Bank Taiwan	2020/11/27-2021/02/25	350,000
Mega International Commercial Bank Co., Ltd. (foreign department)	2020/11/27-2021/02/26	1,000,000
Bank of Taiwan (Chung-Shan)	2020/11/27-2021/05/26	1,300,000
Hua Nan Commercial Bank (Yuanshan)	2020/12/10-2021/03/10	1,500,000
Mizuho Corporate Bank Ltd (Taipei)	2020/12/10-2021/03/10	2,850,000
The Hongkong and Shanghai Banking Corp. Ltd	2020/12/10-2021/03/10	260,000
Bank of China Limited (Taipei)	2020/12/25-2021/02/25	2,000,000
		<u>23,048,000</u>
Bank loans - letters of credit (Note 2)		
Mega International Commercial Bank Co., Ltd. (foreign department)	2020/08/24-2021/03/19	187,081
Land Bank of Taiwan (Ren Ai)	2020/10/14-2021/03/29	99,819
Taiwan Cooperative Bank (Yuanshan)	2020/10/16-2021/02/11	16,829
		<u>303,729</u>
		<u>\$ 23,351,729</u>

Note 1: The interval of rate is 0.62%-0.98%, and the total loan commitments is \$30,490,501 thousands.

Note 2: Bank loans - letters of credit included US\$10,665 thousand, translated at the exchange rate of US\$1=NT\$28.48.

## TAIWAN CEMENT CORPORATION

## STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Type of Loan and Creditor	Contract Period	Annual Interest Rates (%)	Amount	Loan Commitments	Collateral
Syndicated loan agreement with Mega International Commercial Bank and other banks					
Type A (Note 1)	2018.3-2023.3	1.79	\$ 21,500,000	\$ 21,500,000	-
Type B (Note 2)	2018.3-2023.3	1.19	<u>5,000,000</u>	<u>21,500,000</u>	-
			26,500,000	<u>\$ 43,000,000</u>	
Less: Issuance costs			(55,256)		
Current portions			<u>(4,300,000)</u>		
			<u>\$ 22,144,744</u>		

Note 1: The non-revolving credit line of Tranche A, which is of the nature of bank loans, is \$21.5 billion. Starting from March 2021, its principal shall be equally repaid in 5 semi-annual installments and shall mature in March 2023; interest shall be paid quarterly.

Note 2: The revolving credit line of Tranche B, which is the nature of long-term bills payable, is \$21.5 billion. The period of each actual drawdown can be at least 30 but not over 180 days, and the maturity date of each drawdown period shall not exceed the credit period. The final maturity date shall be in March 2023.

**TAIWAN CEMENT CORPORATION****STATEMENT OF NET REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Shipments</b>	<b>Amount</b>
Domestic sales		
Cement - related products	5,427 thousand cubic meters	\$ 12,134,392
Cement	2,512 thousand tons	5,592,385
Clinker	908 thousand tons	1,361,400
Others		<u>389,516</u>
		<u>19,477,693</u>
Export sales		
Cement	838 thousand tons	1,104,273
Clinker	436 thousand tons	476,291
Others		<u>437,173</u>
		<u>2,017,737</u>
		<u>\$ 21,495,430</u>



**TAIWAN CEMENT CORPORATION****STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Balance at beginning of year	\$ 686,520
Add: Raw materials purchased	8,721,991
Less: Raw materials, end of year	<u>724,981</u>
Raw materials used	8,683,530
Direct labor	279,863
Manufacturing expenses	<u>3,330,205</u>
Manufacturing costs	12,293,598
Add: Work in process, beginning of year	455,399
Work in process purchased	964,352
Less: Work in process, end of year	310,965
Work in process sold	<u>1,278,887</u>
Cost of finished goods	12,123,497
Add: Finished goods, beginning of year	513,747
Finished goods purchased	446,849
Less: Finished goods, end of year	434,242
Add: Transportation costs	2,857,370
Commodity tax	816,601
Work in process sold	1,278,887
Others	<u>68,308</u>
Operating costs	<u>\$ 17,671,017</u>

**TAIWAN CEMENT CORPORATION****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Selling Expenses</b>	<b>General and Administrative Expenses</b>	<b>Total</b>
Payroll and pension	\$ 102,118	\$ 677,926	\$ 780,044
Professional service fees	1,789	132,287	134,076
Depreciation expenses	33,716	78,681	112,397
General and administrative expenses	21,129	90,767	111,896
Shipping expenses	91,948	5,336	97,284
Others (Note)	<u>31,327</u>	<u>382,406</u>	<u>413,733</u>
	<u>\$ 282,027</u>	<u>\$ 1,367,403</u>	<u>\$ 1,649,430</u>

Note: The amount of each item in others does not exceed 5% of the amount balance.

## TAIWAN CEMENT CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020			2019			
	Classified as Cost of Revenue	Classified as Operating Expenses	Classified as Other Operating Income and Expenses	Classified as Cost of Revenue	Classified as Operating Expenses	Classified as Other Operating Income and Expenses	Total
Labor cost							
Salary and bonus	\$ 540,542	\$ 464,341	\$ -	\$ 700,528	\$ 518,098	\$ -	\$ 1,218,626
Labor and health insurance	48,286	31,376	-	45,906	29,456	-	75,362
Pension	16,188	10,685	-	15,097	9,134	-	24,231
Board compensation	-	287,348	-	-	276,056	-	276,056
Others	28,349	17,670	-	19,241	9,848	-	29,089
	<u>\$ 633,365</u>	<u>\$ 811,420</u>	<u>\$ -</u>	<u>\$ 780,772</u>	<u>\$ 842,592</u>	<u>\$ -</u>	<u>\$ 1,623,364</u>
Depreciation	<u>\$ 814,486</u>	<u>\$ 112,397</u>	<u>\$ 593</u>	<u>\$ 782,211</u>	<u>\$ 102,731</u>	<u>\$ 598</u>	<u>\$ 885,540</u>
Amortization	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: As of December 31, 2020 and 2019, the Company had 1,078 and 995 employees, respectively. There were 16 non-employee directors, respectively.

Note 2: Average labor cost for the years ended December 31, 2020 and 2019 were \$1,090 thousand and \$1,376 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2020 and 2019 were \$946 thousand and \$1,245 thousand, respectively. The average salary and bonus changed by 24.02% year over year.

Note 4: The Corporation did not have supervisors for the year ended December 31, 2019 and 2020, respectively. Therefore, there was no compensation to the supervisors.

Note 5: The compensation standard of the Corporation's employees is enacted fairly by referring to the industry compensation level, company performance, and internal organization structure, and the annual raise will be granted from time to time taking into account the external industry trends and government regulations. The year-end bonus, quarterly bonus, business performance bonus are granted based on company performance and personal contribution, and the employees' compensation is granted in accordance with the Corporation's Article of Incorporation to reward employees' efforts at work.

Note 6: The compensation policy for the president, vice presidents and executive officers is decided based on the company's operational strategy, company performance, personal performance and the compensation standards of the industry, which is submitted to the Compensation Committee for reasonable comments and then further resolved by the Board of Directors.

Note 7: The performance evaluation and remuneration of the Corporation's directors refer to industry practice, and will evaluate reasonable correlation between individual and the company's performance as well as future risk exposures, based on evaluation results, positions and financial situation of the company. The remuneration contains fixed amount paid on a monthly basis and the attendance fee paid by actual attendance. In addition, according to the Corporation's Articles of Incorporation, less than 1% of annual profits shall be recognized as remuneration of the directors and allocation shall be based on the results of the performance evaluation of the directors.



THE FUTURE IS WORTH IT

**The Taiwan Cement Corporation**

No.113, Section 2, Zhongshan North Rd.,  
Zhongshan Dist., Taipei City 104, Taiwan

<http://www.taiwancement.com>

TEL: (02)2531-7099

FAX: (02)2531-6650