

**Taiwan Cement Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2020 and 2019  
Independent Auditors' Review Report**

### INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Taiwan Cement Corporation

#### Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Cement Corporation and its subsidiaries (collectively, the "Group") as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the related consolidated statements of changes in equity and cash flows for the nine months then ended and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

#### Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standard No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2020 and 2019, the combined total assets of these non-significant subsidiaries were NT\$80,500,139 thousand and NT\$103,961,559 thousand, respectively, representing 21% and 29%, respectively, of the Group's consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of September 30, 2020 and 2019 were NT\$14,596,034 thousand and NT\$15,684,015 thousand, respectively, representing 8% and 10%, respectively, of the Group's consolidated total liabilities; for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the net comprehensive income of these subsidiaries were NT\$1,246,855 thousand, NT\$1,112,925 thousand, NT\$2,199,455 thousand and NT\$3,692,420 thousand, respectively, representing 11%, (646%), 13% and 18%, respectively, of the Group's consolidated comprehensive income.

## Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2020 and 2019, its consolidated financial performance for the three months ended September 30, 2020 and 2019 and its financial performance and its consolidated cash flows for the nine months ended September 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting”.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chih-Ming Shao and Hui-Min Huang.

Chih-ming, Shao      Hui-Min Huang

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 10, 2020

## 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 review such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.*

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 4 and 6)	\$ 44,312,180	12	\$ 53,572,620	15	\$ 46,970,348	13
Financial assets at fair value through profit or loss (Notes 4, 7 and 30)	323,517	-	502,005	-	486,994	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 30 and 32)	5,168,519	1	7,180,745	2	6,840,257	2
Financial assets for hedging (Notes 4 and 9)	-	-	-	-	161,874	-
Financial assets at amortized cost (Notes 4, 6 and 32)	12,348,988	3	4,745,911	1	5,452,579	2
Notes receivable (Notes 4 and 10)	28,981,946	8	31,258,167	9	29,801,858	8
Accounts receivable (Notes 4, 10 and 11)	9,564,010	3	8,838,553	2	8,933,703	3
Notes and accounts receivable from related parties (Notes 4 and 31)	253,570	-	300,000	-	294,520	-
Other receivables (Note 4)	1,020,004	-	913,545	-	1,201,886	-
Other receivables from related parties (Notes 4 and 31)	454,353	-	388,806	-	342,787	-
Inventories (Notes 4, 12 and 33)	8,457,184	2	8,132,977	2	9,545,675	3
Prepayments	3,035,954	1	1,790,795	1	2,431,573	1
Other current assets	<u>633,265</u>	<u>-</u>	<u>521,866</u>	<u>-</u>	<u>620,169</u>	<u>-</u>
Total current assets	<u>114,553,490</u>	<u>30</u>	<u>118,145,990</u>	<u>32</u>	<u>113,084,223</u>	<u>32</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income (Notes 4, 8, 30 and 32)	34,496,339	9	36,120,339	10	31,385,408	9
Financial assets at amortized cost (Notes 4, 6, 30 and 32)	20,301,926	5	984,716	-	890,246	-
Investments accounted for using the equity method (Notes 4, 14, and 32)	47,935,215	13	47,631,870	13	47,597,673	13
Property, plant and equipment (Notes 4, 15, 24 and 32)	89,423,889	24	89,881,319	24	90,649,035	25
Right-of-use assets (Notes 4, 16, 24 and 31)	12,416,305	3	12,734,286	4	12,868,948	4
Investment properties (Notes 4, 17, 24 and 32)	5,456,950	2	6,322,209	2	6,328,556	2
Intangible assets (Notes 4, 18 and 24)	19,315,631	5	19,656,118	5	19,894,226	5
Prepayments for property, plant and equipment (Notes 15 and 33)	4,969,530	1	2,992,315	1	2,957,353	1
Long-term finance lease receivables (Notes 4 and 11)	27,434,894	7	29,253,336	8	29,677,833	8
Net defined benefit asset (Note 4)	1,439,348	-	1,434,342	-	1,004,476	-
Other non-current assets (Note 4)	<u>1,662,531</u>	<u>1</u>	<u>2,325,545</u>	<u>1</u>	<u>2,084,270</u>	<u>1</u>
Total non-current assets	<u>264,852,558</u>	<u>70</u>	<u>249,336,395</u>	<u>68</u>	<u>245,338,024</u>	<u>68</u>
<b>TOTAL</b>	<u>\$ 379,406,048</u>	<u>100</u>	<u>\$ 367,482,385</u>	<u>100</u>	<u>\$ 358,422,247</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term loans (Notes 19, 28 and 32)	\$ 33,636,384	9	\$ 30,445,048	8	\$ 36,935,736	10
Short-term bills payable (Note 19)	7,215,383	2	5,875,398	2	6,004,241	2
Financial liabilities at fair value through profit or loss (Notes 4, 7, 20 and 30)	-	-	-	-	4,940	-
Contract liabilities	5,884,277	1	5,041,554	1	5,920,047	2
Notes and accounts payable (Note 31)	6,462,908	2	7,427,013	2	8,208,655	2
Other payables (Notes 21 and 33)	8,370,244	2	10,990,611	3	8,658,527	3
Other payables to related parties (Note 31)	397,915	-	234,793	-	10,217	-
Current income tax liabilities (Note 4)	2,874,404	1	4,443,343	1	2,771,720	1
Lease liabilities (Notes 4, 16 and 31)	343,689	-	416,346	-	371,475	-
Long-term loans - current portion (Notes 19, 28 and 32)	5,061,151	1	1,624,138	1	700,757	-
Other current liabilities	<u>135,830</u>	<u>-</u>	<u>34,499</u>	<u>-</u>	<u>121,619</u>	<u>-</u>
Total current liabilities	<u>70,382,185</u>	<u>18</u>	<u>66,532,743</u>	<u>18</u>	<u>69,707,934</u>	<u>20</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Notes 4 and 20)	55,851,873	15	35,699,778	10	35,607,642	10
Long-term loans (Notes 19, 28 and 32)	26,250,646	7	30,553,035	8	28,742,895	8
Lease liabilities (Notes 4, 16 and 31)	1,959,022	1	2,073,806	1	2,035,534	1
Deferred income tax liabilities (Note 4)	11,635,749	3	11,588,934	3	11,430,615	3
Long-term bills payable (Note 19)	4,991,269	1	11,800,966	3	11,803,900	3
Net defined benefit liability (Note 4)	67,806	-	97,401	-	73,208	-
Other non-current liabilities (Note 33)	<u>693,901</u>	<u>-</u>	<u>673,855</u>	<u>-</u>	<u>620,607</u>	<u>-</u>
Total non-current liabilities	<u>101,450,266</u>	<u>27</u>	<u>92,487,775</u>	<u>25</u>	<u>90,314,401</u>	<u>25</u>
Total liabilities	<u>171,832,451</u>	<u>45</u>	<u>159,020,518</u>	<u>43</u>	<u>160,022,335</u>	<u>45</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4, 23 and 27)</b>						
Share capital	59,414,007	16	56,656,192	15	56,656,192	16
Capital surplus	47,637,455	12	48,015,947	13	48,305,425	13
Retained earnings	67,411,710	18	65,626,033	18	58,857,987	16
Other equity	19,439,117	5	23,734,855	7	20,220,735	6
Treasury shares	<u>(499,691)</u>	<u>-</u>	<u>(348,959)</u>	<u>-</u>	<u>(348,959)</u>	<u>-</u>
Equity attributable to shareholders of the Corporation	193,402,598	51	193,684,068	53	183,691,380	51
<b>NON-CONTROLLING INTERESTS (Notes 23 and 27)</b>						
	<u>14,170,999</u>	<u>4</u>	<u>14,777,799</u>	<u>4</u>	<u>14,708,532</u>	<u>4</u>
Total equity	<u>207,573,597</u>	<u>55</u>	<u>208,461,867</u>	<u>57</u>	<u>198,399,912</u>	<u>55</u>
<b>TOTAL</b>	<u>\$ 379,406,048</u>	<u>100</u>	<u>\$ 367,482,385</u>	<u>100</u>	<u>\$ 358,422,247</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 10, 2020)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 31)	\$ 29,808,661	100	\$ 30,838,392	100	\$ 82,248,488	100	\$ 87,561,878	100
OPERATING COSTS (Notes 4, 12, 22, 24 and 31)	<u>19,254,954</u>	<u>65</u>	<u>21,119,053</u>	<u>69</u>	<u>55,034,502</u>	<u>67</u>	<u>62,031,223</u>	<u>71</u>
GROSS PROFIT	<u>10,553,707</u>	<u>35</u>	<u>9,719,339</u>	<u>31</u>	<u>27,213,986</u>	<u>33</u>	<u>25,530,655</u>	<u>29</u>
OPERATING EXPENSES (Notes 22, 24 and 31)								
Marketing	277,977	1	248,508	1	746,519	1	725,421	1
General and administrative	1,214,130	4	1,343,731	4	3,610,003	4	3,879,809	4
Research and development	<u>9,546</u>	<u>-</u>	<u>10,191</u>	<u>-</u>	<u>20,648</u>	<u>-</u>	<u>31,083</u>	<u>-</u>
Total operating expenses	<u>1,501,653</u>	<u>5</u>	<u>1,602,430</u>	<u>5</u>	<u>4,377,170</u>	<u>5</u>	<u>4,636,313</u>	<u>5</u>
INCOME FROM OPERATIONS	<u>9,052,054</u>	<u>30</u>	<u>8,116,909</u>	<u>26</u>	<u>22,836,816</u>	<u>28</u>	<u>20,894,342</u>	<u>24</u>
NON-OPERATING INCOME AND EXPENSES								
Share of profit of associates and joint ventures (Notes 4 and 14)	1,044,446	4	618,128	2	2,133,067	3	1,802,135	2
Interest income (Note 4)	325,983	1	245,433	1	993,550	1	633,818	1
Dividend income	597,576	2	566,783	2	1,564,833	2	1,452,262	2
Other income	212,777	1	231,165	1	428,098	-	856,450	1
Net gain (loss) on disposal of property, plant and equipment	(19,880)	-	(14,628)	-	(58,511)	-	107,208	-
Finance costs (Notes 4 and 24)	(473,153)	(2)	(572,041)	(2)	(1,513,668)	(2)	(1,658,926)	(2)
Other expenses (Note 24)	(53,688)	-	(200,190)	(1)	(177,567)	-	(423,769)	(1)
Foreign exchange gains (losses), net	(15,482)	-	(41,007)	-	13,374	-	48,914	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	<u>7,233</u>	<u>-</u>	<u>(29,641)</u>	<u>-</u>	<u>(2,536)</u>	<u>-</u>	<u>146,924</u>	<u>-</u>
Total non-operating income and expenses	<u>1,625,812</u>	<u>6</u>	<u>804,002</u>	<u>3</u>	<u>3,380,640</u>	<u>4</u>	<u>2,965,016</u>	<u>3</u>
INCOME BEFORE INCOME TAX	10,677,866	36	8,920,911	29	26,217,456	32	23,859,358	27
INCOME TAX EXPENSE (Notes 4 and 25)	<u>2,097,249</u>	<u>7</u>	<u>1,876,501</u>	<u>6</u>	<u>5,511,154</u>	<u>7</u>	<u>4,954,162</u>	<u>5</u>
NET INCOME	<u>8,580,617</u>	<u>29</u>	<u>7,044,410</u>	<u>23</u>	<u>20,706,302</u>	<u>25</u>	<u>18,905,196</u>	<u>22</u>

(Continued)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 23)	\$ 356,792	1	\$ (873,355)	(3)	\$ (2,538,268)	(3)	\$ 6,076,111	7
Gain (loss) on hedging instruments	-	-	1,145	-	216	-	(1,173)	-
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method (Note 23)	(14,469)	-	(101,400)	-	(95,704)	-	127,708	-
	<u>342,323</u>	<u>1</u>	<u>(973,610)</u>	<u>(3)</u>	<u>(2,633,756)</u>	<u>(3)</u>	<u>6,202,646</u>	<u>7</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 23)	2,620,030	9	(5,165,883)	(17)	(852,396)	(1)	(3,709,822)	(4)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Note 23)	267,383	1	(1,077,296)	(4)	(833,608)	(1)	(1,257,019)	(2)
	<u>2,887,413</u>	<u>10</u>	<u>(6,243,179)</u>	<u>(21)</u>	<u>(1,686,004)</u>	<u>(2)</u>	<u>(4,966,841)</u>	<u>(6)</u>
Other comprehensive income (loss) for the period	<u>3,229,736</u>	<u>11</u>	<u>(7,216,789)</u>	<u>(24)</u>	<u>(4,319,760)</u>	<u>(5)</u>	<u>1,235,805</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 11,810,353</u>	<u>40</u>	<u>\$ (172,379)</u>	<u>(1)</u>	<u>\$ 16,386,542</u>	<u>20</u>	<u>\$ 20,141,001</u>	<u>23</u>
NET INCOME ATTRIBUTABLE TO:								
Shareholders of the Corporation	\$ 7,472,614	25	\$ 6,537,547	21	\$ 18,407,237	22	\$ 17,719,524	20
Non-controlling interests	<u>1,108,003</u>	<u>4</u>	<u>506,863</u>	<u>2</u>	<u>2,299,065</u>	<u>3</u>	<u>1,185,672</u>	<u>2</u>
	<u>\$ 8,580,617</u>	<u>29</u>	<u>\$ 7,044,410</u>	<u>23</u>	<u>\$ 20,706,302</u>	<u>25</u>	<u>\$ 18,905,196</u>	<u>22</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Shareholders of the Corporation	\$ 10,702,941	36	\$ (640,276)	(2)	\$ 14,212,926	17	\$ 18,901,686	22
Non-controlling interests	<u>1,107,412</u>	<u>4</u>	<u>467,897</u>	<u>1</u>	<u>2,173,616</u>	<u>3</u>	<u>1,239,315</u>	<u>1</u>
	<u>\$ 11,810,353</u>	<u>40</u>	<u>\$ (172,379)</u>	<u>(1)</u>	<u>\$ 16,386,542</u>	<u>20</u>	<u>\$ 20,141,001</u>	<u>23</u>

(Continued)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE								
(Note 26)								
Basic	\$ 1.30		\$ 1.14		\$ 3.15		\$ 3.09	
Diluted	\$ 1.23		\$ 1.09		\$ 2.99		\$ 2.98	

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

(With Deloitte & Touche review report dated November 10, 2020)

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Corporation													
	Retained Earnings							Other Equity						
	Ordinary Share	Preferred Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2019	\$ 51,080,599	\$ 2,000,000	\$ 47,836,241	\$ 14,784,534	\$ 13,049,062	\$ 33,755,165	\$ 61,588,761	\$ (5,037,221)	\$ 24,074,566	\$ 1,109	\$ (2,545)	\$ 181,541,510	\$ 15,837,946	\$ 197,379,456
Appropriation of 2018 earnings														
Legal reserve	-	-	-	2,118,082	-	(2,118,082)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(16,856,367)	(16,856,367)	-	-	-	-	(16,856,367)	-	(16,856,367)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	(18,219)	(18,219)	-	-	-	-	(18,219)	-	(18,219)
Share dividends distributed by the Corporation	3,575,593	-	-	-	-	(3,575,593)	(3,575,593)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(2,222,426)	(2,222,426)
Net income for the nine months ended September 30, 2019	-	-	-	-	-	17,719,524	17,719,524	-	-	-	-	17,719,524	1,185,672	18,905,196
Other comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	(119)	(119)	(4,958,975)	6,143,069	(1,813)	-	1,182,162	53,643	1,235,805
Total other comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	17,719,405	17,719,405	(4,958,975)	6,143,069	(1,813)	-	18,901,686	1,239,315	20,141,001
Difference between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	23	-	-	-	-	-	-	-	-	23	(146,303)	(146,280)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	468,759	-	-	-	-	-	-	-	-	468,759	-	468,759
Compensation costs of treasury shares transferred to employees	-	-	826	-	-	-	-	-	-	-	-	826	-	826
Treasury shares transfer to employees	-	-	(424)	-	-	-	-	-	-	-	2,545	2,121	-	2,121
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	(348,959)	(348,959)	-	(348,959)
BALANCE, SEPTEMBER 30, 2019	<u>\$ 54,656,192</u>	<u>\$ 2,000,000</u>	<u>\$ 48,305,425</u>	<u>\$ 16,902,616</u>	<u>\$ 13,049,062</u>	<u>\$ 28,906,309</u>	<u>\$ 58,857,987</u>	<u>\$ (9,996,196)</u>	<u>\$ 30,217,635</u>	<u>\$ (704)</u>	<u>\$ (348,959)</u>	<u>\$ 183,691,380</u>	<u>\$ 14,708,532</u>	<u>\$ 198,399,912</u>
BALANCE, JANUARY 1, 2020	\$ 54,656,192	\$ 2,000,000	\$ 48,015,947	\$ 16,902,616	\$ 13,049,062	\$ 35,674,355	\$ 65,626,033	\$ (11,660,261)	\$ 35,395,116	\$ -	\$ (348,959)	\$ 193,684,068	\$ 14,777,799	\$ 208,461,867
Appropriation of 2019 earnings														
Legal reserve	-	-	-	2,448,745	-	(2,448,745)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(13,644,048)	(13,644,048)	-	-	-	-	(13,644,048)	-	(13,644,048)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	(350,000)	(350,000)	-	-	-	-	(350,000)	-	(350,000)
Share dividends distributed by the Corporation	2,728,810	-	-	-	-	(2,728,810)	(2,728,810)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(2,485,606)	(2,485,606)
Net income for the nine months ended September 30, 2020	-	-	-	-	-	18,407,237	18,407,237	-	-	-	-	18,407,237	2,299,065	20,706,302
Other comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	-	-	(1,661,513)	(2,532,753)	(45)	-	(4,194,311)	(125,449)	(4,319,760)
Total other comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	18,407,237	18,407,237	(1,661,513)	(2,532,753)	(45)	-	14,212,926	2,173,616	16,386,542
Difference between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	(444,392)	-	-	-	-	-	-	-	-	(444,392)	(294,723)	(739,115)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	566	-	-	-	-	-	-	-	-	566	-	566
Basis adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	(129)	-	(129)	(87)	(216)
Compensation costs of treasury shares transferred to employees	-	-	4,808	-	-	-	-	-	-	-	-	4,808	-	4,808
Treasury shares transfer to employees	-	-	(1,397)	-	-	-	-	-	-	-	20,868	19,471	-	19,471
Buy-back of treasury shares	-	-	-	-	-	101,298	101,298	-	(101,298)	-	(171,600)	(171,600)	-	(171,600)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Convertible bonds converted to ordinary shares	29,005	-	61,923	-	-	-	-	-	-	-	-	90,928	-	90,928
Reversal of special reserve recognized from asset disposals	-	-	-	-	(9,202)	9,202	-	-	-	-	-	-	-	-
BALANCE, SEPTEMBER 30, 2020	<u>\$ 57,414,007</u>	<u>\$ 2,000,000</u>	<u>\$ 47,637,455</u>	<u>\$ 19,351,361</u>	<u>\$ 13,039,860</u>	<u>\$ 35,020,489</u>	<u>\$ 67,411,710</u>	<u>\$ (13,321,774)</u>	<u>\$ 32,761,065</u>	<u>\$ (174)</u>	<u>\$ (499,691)</u>	<u>\$ 193,402,598</u>	<u>\$ 14,170,999</u>	<u>\$ 207,573,597</u>

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

(With Deloitte & Touche review report dated November 10, 2020)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 26,217,456	\$ 23,859,358
Adjustments for:		
Depreciation expense	5,081,010	5,221,832
Amortization expense	303,101	296,416
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	2,536	(146,924)
Finance costs	1,513,668	1,658,926
Interest income	(993,550)	(633,818)
Dividend income	(1,564,833)	(1,452,262)
Share-based compensation	4,808	826
Share of profit of associates and joint ventures	(2,133,067)	(1,802,135)
Loss (gain) on disposal of property, plant and equipment, net	58,511	(107,208)
Gain on disposal of investments, net	-	(189,593)
Reversal of write-downs of inventories	(55,249)	(44,658)
Non-financial asset impairment loss	51,656	109,000
Unrealized loss (gain) on foreign exchange, net	1,405	(4,368)
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	175,843	76,029
Notes receivable	2,235,946	(795,340)
Accounts receivable	(736,739)	(725,898)
Notes and accounts receivable from related parties	45,311	(23,211)
Other receivables	1,865	(273,968)
Other receivables from related parties	44,453	22,867
Inventories	(317,133)	(164,813)
Prepayments	(1,246,066)	434,587
Other current assets	(126,485)	(26,298)
Contract liabilities	837,898	848,848
Notes and accounts payable	(925,439)	499,772
Other payables	(1,424,084)	(2,779,727)
Other payables to related parties	570	3,325
Other current liabilities	101,386	6,818
Net defined benefit liabilities	(34,601)	(142,135)
Cash generated from operations	27,120,177	23,726,248
Income tax paid	(6,863,209)	(6,037,850)
Net cash generated from operating activities	20,256,968	17,688,398

(Continued)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of financial assets at fair value through other comprehensive income	\$ 1,057,782	\$ -
Purchase of financial assets at amortized cost	(27,120,683)	(3,423,597)
Acquisition of long-term equity investments accounted for using the equity method	(234,020)	(1,284,750)
Disposal of long-term equity investments accounted for using the equity method	-	41,116
Payments for property, plant and equipment	(6,112,067)	(6,385,220)
Proceeds from disposal of property, plant and equipment	56,784	497,109
Increase in other receivables from related parties	(110,000)	(341,554)
Payments for intangible assets	(36,719)	(107,420)
Payments for right-of-use assets	-	(4,159,848)
Disposal of right-of-use assets	-	4,749
Decrease in finance lease receivables	1,818,442	1,273,963
Decrease (increase) in other non-current assets	596,732	(23,278)
Interest received	872,464	645,659
Dividends received	<u>2,474,652</u>	<u>2,487,711</u>
Net cash used in investing activities	<u>(26,736,633)</u>	<u>(10,775,360)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	3,353,420	10,656,519
Increase (decrease) in short-term bills payable	1,339,985	(1,397,973)
Issuance of bonds	19,960,000	12,562,200
Increase in long-term loans	4,002,564	11,533,925
Repayment of long-term loans	(4,755,932)	(8,755,707)
Increase in long-term bills payable	30,770,049	70,855,020
Decrease in long-term bills payable	(37,656,000)	(81,528,000)
Repayment of the principal portion of lease liabilities	(346,038)	(361,729)
Increase (decrease) in other non-current liabilities	26,315	(158,728)
Cash dividends paid	(16,479,654)	(19,097,012)
Treasury shares transferred to employees	19,471	2,121
Payment for buy-back of treasury shares	(171,600)	(348,959)
Acquisition of subsidiaries	(739,115)	(406)
Interest paid	(1,566,758)	(1,660,402)
Changes in non-controlling equity interest	<u>-</u>	<u>7,837</u>
Net cash used in financing activities	<u>(2,243,293)</u>	<u>(7,691,294)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(537,482)</u>	<u>(597,411)</u>

(Continued)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (9,260,440)	\$ (1,375,667)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>53,572,620</u>	<u>48,507,889</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 44,312,180</u>	<u>\$ 47,132,222</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as at September 30, 2020 and 2019:

	September 30	
	2020	2019
Cash and cash equivalents in the consolidated balance sheets	\$ 44,312,180	\$ 46,970,348
Cash and cash equivalents included in financial assets for hedging	<u>-</u>	<u>161,874</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 44,312,180</u>	<u>\$ 47,132,222</u>

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

(With Deloitte & Touche review report dated November 10, 2020)

(Concluded)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

---

### 1. GENERAL INFORMATION

Taiwan Cement Corporation (the “Corporation”) was incorporated in 1946 and restructured as a corporation 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, namely land-to-the-tiller policy. The Corporation engages in the manufacturing and marketing of cement, cement-related products and ready-mixed concretes. 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 the Corporation’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on November 10, 2020.

### 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 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 4 “Extension of 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
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

(Continued)

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
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)

(Concluded)

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 are 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” are 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” are 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 first 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.

#### 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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The disclosed information included in these interim consolidated financial statements is less than the disclosed information required in a complete set of annual consolidated financial statements.

##### 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 an 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 13 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for by 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 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.

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 by 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 is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate 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 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.

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 an item of property for subsequent accounting is its fair value 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 tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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.

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 such a financial liability is either held for trading or is designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability is recognized in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when such financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

### 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's 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.

Pension costs for an interim period are calculated on a year-to-date basis by using the respective actuarially determined annual pension cost discount rate which is the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

## 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. The interim period income tax is assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to the expected total annual earnings.

### 1) Current tax

According to Income Tax Law, 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 consolidated 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 associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. 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 period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred taxes for the reporting period

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>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Cash on hand	\$ 7,976	\$ 8,219	\$ 8,156
Checking accounts and demand deposits	23,864,313	25,276,394	18,688,707
Cash equivalents			
Time deposits with original maturities of less than 3 months	15,957,336	26,459,579	25,760,675
Bonds with repurchase agreements	<u>4,482,555</u>	<u>1,828,428</u>	<u>2,512,810</u>
	<u>\$ 44,312,180</u>	<u>\$ 53,572,620</u>	<u>\$ 46,970,348</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>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Cash in banks	0.01%-3.00%	0.01%-3.70%	0.01%-3.80%
Bonds with repurchase agreements	0.26%-0.50%	0.45%-0.60%	0.45%-2.40%

Financial assets at amortized cost are mainly time deposits with original maturities of more than 3 months:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Current	\$ 12,348,988	\$ 4,745,911	\$ 5,452,579
Non-current	<u>20,301,926</u>	<u>984,716</u>	<u>890,246</u>
	<u>\$ 32,650,914</u>	<u>\$ 5,730,627</u>	<u>\$ 6,342,825</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>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
0.10%-4.40%	0.14%-4.40%	0.14%-3.49%

Refer to Note 32 for information relating to pledged financial assets at amortized cost.

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

	September 30, 2020	December 31, 2019	September 30, 2019
<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	\$ 17,153	\$ 1,235	\$ -
Non-derivative financial assets			
Domestic listed shares	205,247	228,588	224,473
Domestic emerging market shares	101,117	96,909	93,923
Mutual funds	<u>-</u>	<u>175,273</u>	<u>168,598</u>
	<u>\$ 323,517</u>	<u>\$ 502,005</u>	<u>\$ 486,994</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative instruments (not under hedge accounting)			
Redemption options and put options of convertible bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,940</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Current</u>			
Domestic investments			
Listed shares	\$ 5,116,376	\$ 7,126,288	\$ 6,785,543
Convertible preference shares	<u>52,143</u>	<u>54,457</u>	<u>54,714</u>
	<u>\$ 5,168,519</u>	<u>\$ 7,180,745</u>	<u>\$ 6,840,257</u>
<u>Non-current</u>			
Domestic investments			
Unlisted shares	\$ 7,398,937	\$ 6,971,622	\$ 6,694,452
Foreign investments			
Listed shares	<u>27,097,402</u>	<u>29,148,717</u>	<u>24,690,956</u>
	<u>\$ 34,496,339</u>	<u>\$ 36,120,339</u>	<u>\$ 31,385,408</u>

Refer to Note 32 for information relating to investments in equity instruments at FVTOCI pledged as collateral for credit accommodations.

## 9. HEDGING INSTRUMENTS

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets</u>			
Cash flow hedge - spot rate	\$ _____ -	\$ _____ -	\$ <u>161,874</u>

The Group's hedging strategy is to enter into foreign currency bank deposit to avoid exchange rate exposure from its foreign currency receipts and payments and manage exchange rate exposure of its forecasted foreign currency purchases. Those transactions are designated as cash flow hedges. Basis adjustments are made to the initial carrying amounts of non-financial hedging items when the anticipated purchases take place.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the foreign currency bank deposit, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness are expected to emerge from these hedging relationships.

The following tables summarize the information relating to the hedges of foreign currency risk.

### September 30, 2019

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate (NTD1:USD)	Line Item	Carrying Amount Asset	Change in Value Used for Calculating Hedge Ineffectiveness
Cash flow hedge Forecast purchases - spot rate	USD/NTD	USD5,215/ NTD163,047	2019.9-2019.12	31.265	Financial assets for hedging	\$ <u>161,874</u>	\$ <u>(704)</u>
<b>Hedged Items</b>					<b>Change in Value Used for Calculating Hedge Ineffectiveness</b>	<b>Accumulated Losses on Hedging Instruments in Other Equity</b>	
Cash flow hedge Forecast purchases					\$ <u>704</u>	\$ <u>(704)</u>	
<b>Comprehensive Income</b>					<b>Hedging Gain (Losses) Recognized in OCI</b>		
					<b>For the Three Months Ended September 30 2019</b>	<b>For the Nine Months Ended September 30 2019</b>	
Cash flow hedge Forecast purchases					\$ <u>1,145</u>	\$ <u>(1,173)</u>	

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.

## 10. NOTES AND ACCOUNTS RECEIVABLE

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 28,993,090	\$ 31,268,890	\$ 29,812,367
Less: Allowance for impairment loss	<u>(11,144)</u>	<u>(10,723)</u>	<u>(10,509)</u>
	<u>28,981,946</u>	<u>31,258,167</u>	<u>29,801,858</u>
Accounts receivable	9,649,875	8,933,767	8,975,919
Less: Allowance for impairment loss	<u>(85,865)</u>	<u>(95,214)</u>	<u>(42,216)</u>
	<u>9,564,010</u>	<u>8,838,553</u>	<u>8,933,703</u>
	<u>\$ 38,545,956</u>	<u>\$ 40,096,720</u>	<u>\$ 38,735,561</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 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 Group recognizes an allowance for impairment loss of 100% against past due receivables which have an 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 for recovery of the receivable. For accounts receivable that have been written off, the Group 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:

	September 30, 2020	December 31, 2019	September 30, 2019
Up to 90 days	\$ 22,645,336	\$ 24,505,536	\$ 23,520,018
91-180 days	15,213,378	14,550,796	13,778,810
181-365 days	629,954	1,029,401	1,405,399
Over 365 days	<u>57,288</u>	<u>10,987</u>	<u>31,334</u>
	<u>\$ 38,545,956</u>	<u>\$ 40,096,720</u>	<u>\$ 38,735,561</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:

	For the Nine Months Ended September 30	
	2020	2019
Balance at January 1	\$ 105,937	\$ 50,939
Add: Net remeasurement of loss allowance	(8,486)	3,966
Less: Amounts written off	-	(2,080)
Foreign exchange gains and losses	<u>(442)</u>	<u>(100)</u>
Balance at September 30	<u>\$ 97,009</u>	<u>\$ 52,725</u>

## 11. FINANCE LEASE RECEIVABLES

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Undiscounted lease payments</u>			
Year 1	\$ 5,521,623	\$ 5,106,298	\$ 5,044,250
Year 2	5,430,178	5,457,252	5,521,623
Year 3	5,520,987	5,550,758	5,430,178
Year 4	6,154,395	5,578,575	5,520,987
Year 5	6,171,216	6,127,364	6,154,394
Year 6 onwards	<u>16,391,851</u>	<u>21,296,031</u>	<u>23,641,410</u>
	45,190,250	49,116,278	51,312,842
Less: Unearned finance income	15,464,539	18,116,604	20,000,934
Less: Accumulated impairment	<u>47,878</u>	<u>47,878</u>	<u>47,878</u>
Net investment in leases presented as finance lease receivables	<u>\$ 29,677,833</u>	<u>\$ 30,951,796</u>	<u>\$ 31,264,030</u>
Current (included in accounts receivable)	\$ 2,242,939	\$ 1,698,460	\$ 1,586,197
Non-current	<u>27,434,894</u>	<u>29,253,336</u>	<u>29,677,833</u>
	<u>\$ 29,677,833</u>	<u>\$ 30,951,796</u>	<u>\$ 31,264,030</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%.

## 12. INVENTORIES

	September 30, 2020	December 31, 2019	September 30, 2019
Finished goods	\$ 2,385,156	\$ 2,147,190	\$ 2,839,946
Work in process	1,641,721	1,324,205	1,406,275
Raw materials	<u>4,430,307</u>	<u>4,661,582</u>	<u>5,299,454</u>
	<u>\$ 8,457,184</u>	<u>\$ 8,132,977</u>	<u>\$ 9,545,675</u>

The costs of inventories recognized as cost of goods sold for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019 were \$17,443,789 thousand, \$19,349,231 thousand, \$49,917,547 thousand and \$57,047,885 thousand, respectively. The cost of goods sold included reversal of write-downs of inventory as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Reversal of write-downs of inventory	<u>\$ 4,078</u>	<u>\$ 13,250</u>	<u>\$ 55,249</u>	<u>\$ 44,658</u>

Previous write-downs were reversed because slow moving inventories were removed.

### 13. SUBSIDIARIES

#### a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2020	December 31, 2019	September 30, 2019	
Taiwan Cement Corporation	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	83.9	83.9	83.9	
	TCC Investment Corporation	Investment	100.0	100.0	100.0	
	Kuan-Ho Refractories Industry Corporation	Production and sale of refractory materials	95.3	95.3	95.3	
	Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	Investment holding	84.7	84.7	84.7	
	Ta-Ho Maritime Corporation	Marine transportation	64.8	64.8	64.8	6)
	Taiwan Cement Engineering Corporation	Engineering services	99.1	99.0	99.0	1)
	TCC Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Chemical Corporation	Leasing property and energy technology services	100.0	100.0	100.0	
	TCC Information Systems Corporation	Information software design	99.4	99.4	99.4	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	71.1	40.0	40.0	1), 3), 6)
	Tung Chen Mineral Corporation	Afforestation and sale of limestone	99.5	99.5	99.5	
	Jin Chang Minerals Corporation	Afforestation and sale of limestone	100.0	100.0	100.0	
	Hoping Industrial Port Corporation	Hoping Industrial Port management	100.0	100.0	100.0	6)
	TCC International Ltd. ("TCCI")	Investment holding	100.0	100.0	100.0	6)
	TCCMOLI Holdings (Singapore) Pte. Ltd. ("TCCMOLI")	Investment holding	100.0	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	59.5	6)
	Ta-Ho Taitung Environment Co., Ltd.	Waste collection and treatment	-	-	100.0	2)
	HPC Power Service Corporation	Business consulting	60.0	60.0	60.0	
	E.G.C. Cement Corporation	Sale of cement	50.6	50.6	50.6	
	Feng Sheng Enterprise Company Limited	Sale of ready-mixed concrete	45.4	45.4	45.4	3)
	Trans Philippines Mineral Corporation ("TPMC")	Mining excavation	40.0	40.0	40.0	3)
	Taicorn Minerals Corporation ("TMC")	Mining excavation	72.7	72.7	72.7	
	Ta-Ho RSEA Environment Co., Ltd.	Waste collection and treatment	66.6	66.6	66.6	
	Ho Sheng Mining Co., Ltd.	Mining excavation and sale of limestone	100.0	100.0	100.0	
	TCC International Holdings Ltd. ("TCCIH")	Investment holding	38.3	38.3	38.3	6)
	Taiwan Cement (Dutch) Holdings B.V.	Investment holding	100.0	100.0	100.0	6)
	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	49.4	
	Ta-Ho Maritime Corporation	Marine transportation	29.2	29.2	29.2	1), 6)
	Tai-Jie Transport & Storage Corporation	Transportation	100.0	100.0	100.0	
TCC Investment Corporation	Union Cement Traders Inc.	Import and export trading	100.0	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	0.5	0.5	0.5	6)
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.2	0.2	0.2	3), 6)
HKCMCL	Ta-Ho Maritime Corporation	Marine transportation	-	-	-	6)
	TCC Development Ltd.	Property leasing	100.0	100.0	100.0	
	Ta-Ho Maritime Holdings Ltd.	Investment	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2020	December 31, 2019	September 30, 2019	
Taiwan Cement Engineering Corporation	TCEC (Yingde) Machine Co., Ltd.	Production and sale of cement machinery and assembly work	-	-	100.0	2)
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Investment	100.0	100.0	100.0	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	2.3	2.3	2.3	3), 6)
TCCI	TCCIH	Investment holding	61.7	61.7	61.7	6)
TPMC	TMC	Mining excavation	18.2	18.2	18.2	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	0.7	0.7	0.7	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Renewable energy generation	100.0	100.0	100.0	
TCC Green Energy Corporation	Chang-Wang Wind Power Co., Ltd.	Renewable energy generation	100.0	100.0	100.0	
	TCC Nan-Chung Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Kao-Cheng Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Chang-Ho Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Chia-Chien Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Yun-Kai Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Lien-Hsin Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Ping-Chih Green Energy Corporation	Renewable energy generation	100.0	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	100.0	
	THC International S.A.	Marine transportation	100.0	100.0	100.0	1)
	Chi Ho Maritime S.A.	Marine transportation	-	-	100.0	2)
	Sheng Ho Maritime S.A.	Marine transportation	-	-	100.0	2)
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	100.0	
Taicem Information (Samoa) Pte., Ltd.	Fuzhou TCC Information Technology Co., Ltd.	Software product and equipment maintenance	100.0	100.0	100.0	
Ta-Ho Maritime (Hong Kong) Limited	Da Tong (Guigang) International Logistics Co., Ltd.	Logistics and transportation	100.0	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	100.0	
	Guigang Da-Ho Shipping Co., Ltd.	Marine transportation	100.0	100.0	100.0	
TCCIH	Chia Hsin Cement Greater China Holding Corporation	Investment holding	-	100.0	100.0	2)
	Upper Value Investment Limited	Investment holding	100.0	100.0	100.0	
	Upper Value Investments Ltd. ("UPPV")	Investment holding	100.0	100.0	100.0	6)
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	100.0	6)
	Ulexite Investments Ltd.	Investment holding	100.0	100.0	100.0	
Upper Value Investment Limited	Prime York Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Minerals (International) Ltd.	Investment holding	100.0	100.0	100.0	
TCC Hong Kong Cement (BVI) Holdings Ltd.	TCC Hong Kong Cement Development Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (QHC) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (Yargoan) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (HKC) Ltd.	Investment holding	-	100.0	100.0	2)
	TCC Hong Kong Cement (Philippines) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (International) Ltd.	Investment holding	100.0	100.0	100.0	6)
	Hong Kong Cement Company Limited ("HKCCL")	Sale of cement	100.0	100.0	100.0	
TCC Hong Kong Cement (QHC) Ltd.	Chiefolk Company Ltd.	Investment holding	70.0	70.0	70.0	
Chiefolk Company Ltd.	TCC International (Liuzhou) Ltd.	Investment holding	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2020	December 31, 2019	September 30, 2019	
TCC International (Liuzhou) Ltd.	TCC Liuzhou Company Ltd.	Investment holding	100.0	100.0	100.0	
TCC Liuzhou Company Ltd.	TCC Liuzhou Construction Materials Co., Ltd.	Manufacturing and sale of slag powder	60.0	60.0	60.0	
TCC Hong Kong Cement (Philippines) Ltd.	TCC Cement Corp.	Cement processing services	100.0	100.0	100.0	
TCC Hong Kong Cement (International) Ltd.	TCC International (Hong Kong) Co., Ltd. ("TCCI (HK)")	Investment holding	100.0	100.0	100.0	6)
TCCI (HK)	TCC Guigang Mining Industrial Company Limited	Mining excavation	52.5	52.5	52.5	
	Jiangsu TCC Investment Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Jingyang Industrial Limited	Investment holding	100.0	100.0	100.0	
	TCC International (Guangxi) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	48.9	48.9	48.9	
	TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	6)
	TCC Jiangsu Mining Industrial Company Limited	Mining excavation	100.0	100.0	100.0	
	TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	100.0	100.0	100.0	
	TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	31.0	100.0	100.0	5), 6)
Jiangsu TCC Investment Co., Ltd.	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	21.5	21.5	21.5	6)
Jingyang Industrial Limited	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	78.5	78.5	78.5	6)
TCC International (Guangxi) Ltd.	TCC (Gui Gang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	6)
TCC (Gui Gang) Cement Ltd.	TCC Huaying Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Guigang Mining Industrial Company Limited	Mining excavation	47.5	47.5	47.5	
	Guigang TCC Dong Yuan Environmental Technology Company Limited	Dangerous waste treatment	95.2	95.2	95.2	
	TCC (Hangzhou) Recycle Resource Technology Limited	Recycle Resource technology development, business management and sales	100.0	-	-	4)
TCC Yingde Cement Co., Ltd.	TCC Yingde Mining Industrial Company Limited	Mining excavation	34.8	34.8	34.8	
	Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	25.0	25.0	25.0	
	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	Beijing TCC Environmental Technology Co., Ltd.	Technology development, enterprise management and sales	100.0	100.0	100.0	
	TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Environmental protection, cement and enterprise management consulting	100.0	100.0	100.0	
TCC Jiangsu Mining Industrial Company Limited	TCC Yingde Mining Industrial Company Limited	Mining excavation	16.3	16.3	16.3	
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Huaihua Concrete Company Limited	Sale of ready-mixed concrete	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2020	December 31, 2019	September 30, 2019	
Ulexite Investments Ltd. UPPV	HKC Investments Ltd.	Investment holding	-	-	100.0	2)
	Wayly Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	TCC International (China) Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Kong On Cement Holdings Ltd.	Investment holding	65.0	65.0	65.0	
	Mega East Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Minerals (China) Ltd.	Investment holding	100.0	100.0	100.0	
	Sure Kit Ltd.	Investment holding	100.0	100.0	100.0	
	Hensford Ltd.	Investment holding	100.0	100.0	100.0	
	Kiton Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Cement Investment Ltd.	Investment holding	100.0	100.0	100.0	
Wayly Holdings Ltd.	Scitus Cement (China) Holdings Ltd. ("Scitus Holdings")	Investment holding	100.0	100.0	100.0	
	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
TCC International (China) Co., Ltd.	TCC New (Hangzhou) Management Company Limited	Operation management	100.0	100.0	100.0	
Kong On Cement Holdings Ltd.	Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
Mega East Ltd.	TCC Guangan Cement Company Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
Sure Kit Ltd.	TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	6)
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	6)
Kiton Ltd.	TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
Prosperity Cement Investment Ltd.	Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	6)
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	100.0	
TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Kaili TCC Environment Technology Co., Ltd	Waste collection and treatment	100.0	100.0	100.0	
Scitus Holdings	Scitus Cement (China) Operating Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon XIV Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon XIII Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon IX Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon VIII Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon V Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon IV Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon III Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon II Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon Holdings Ltd.	Investment holding	100.0	100.0	100.0	
Hexagon IX Holdings Ltd.	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon IV Holdings Ltd.	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon III Holdings Ltd.	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon XIV Holdings Ltd.	Scitus Luzhou Concrete Co., Ltd.	Sales of ready-mixed concrete	75.0	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	55.0	
Jurong TCC Cement Co., Ltd.	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	69.0	-	-	5), 6)

(Concluded)

#### Remarks:

- 1) The Corporation purchased 0.02% equity of Taiwan Cement Engineering Corporation in the first three quarters of 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 0.01% equity of Ta-Ho Maritime Corporation in the first three quarters of 2019. 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 27 for information relating to the aforementioned equity acquisition transaction.

- 2) Chi Ho Maritime S.A. and Sheng Ho Maritime S.A. had completed liquidation in August 2019 and September 2019, respectively. Ta-Ho Taitung Environment Co., Ltd. had completed its liquidation at the end of 2019, which is pending the approval by the court. TCEC (Yingde) Machine Co., Ltd. was cancelled at the end of 2019. HKC Investments Ltd., CHCGC and HKC had completed their dissolution in the first three quarters of 2020.
  - 3) Although the Group's percentages of ownership in Feng Sheng Enterprise Company Limited, TPMC and Taiwan Prosperity Chemical Corporation 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) Chia-Ho Green Energy Corporation, TCC (Hangzhou) Recycle Resource Technology Limited, TCC Sustainable Energy Investment Corporation and TCC Energy Storage Technology Corporation were established in the first three quarters of 2020.
  - 5) Jurong TCC Cement Co., Ltd invested in TCC Huaihua Cement Company Limited in the first three quarter of 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) Except for the financial statements of Taiwan Cement (Dutch) Holdings B.V. which were not reviewed for the nine months ended September 30, 2019, the financial statements for the nine months ended September 30, 2020 and 2019 of the consolidated subsidiaries had been reviewed.
  - 7) Except for those mentioned directly above in Remark 6, the remaining subsidiaries' financial statements for the nine months ended September 30, 2020 and 2019 were not reviewed by auditors.
- b. Details of subsidiaries that have material non-controlling interests

	<b>Proportion of Ownership and Voting Rights Held by Non-controlling Interests</b>		
	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Taiwan Prosperity Chemical Corporation	26.4%	57.5%	57.5%
Ho-Ping Power Company	40.0%	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. As of September 30, 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 temporarily 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

	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 4,459,254	\$ 3,888,222	\$ 5,022,723
Non-current assets	4,090,425	4,669,893	5,546,715
Current liabilities	(3,615,059)	(2,903,186)	(4,178,331)
Non-current liabilities	<u>(4,017,957)</u>	<u>(4,009,869)</u>	<u>(3,632,442)</u>
Equity	<u>\$ 916,663</u>	<u>\$ 1,645,060</u>	<u>\$ 2,758,665</u>
Equity attributable to:			
Owners of Taiwan Prosperity Chemical Corporation	\$ 674,758	\$ 699,344	\$ 1,172,760
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>241,905</u>	<u>945,716</u>	<u>1,585,905</u>
	<u>\$ 916,663</u>	<u>\$ 1,645,060</u>	<u>\$ 2,758,665</u>

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Net cash inflow (outflow) from:		
Operating activities	\$ 363,043	\$ (377,248)
Investing activities	(32,302)	(129,884)
Financing activities	<u>682,754</u>	<u>22,043</u>
Net cash inflow (outflow)	<u>\$ 1,013,495</u>	<u>\$ (485,089)</u>

Ho-Ping Power Company

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Current assets	\$ 7,693,347	\$ 7,962,055	\$ 8,131,023
Non-current assets	28,260,627	29,913,098	30,115,662
Current liabilities	(3,116,576)	(5,278,137)	(7,305,240)
Non-current liabilities	<u>(3,290,811)</u>	<u>(3,388,757)</u>	<u>(3,399,181)</u>
Equity	<u>\$ 29,546,587</u>	<u>\$ 29,208,259</u>	<u>\$ 27,542,264</u>
Equity attributable to:			
Owners of Ho-Ping Power Company	\$ 17,724,485	\$ 17,521,488	\$ 16,521,891
Non-controlling interests of Ho-Ping Power Company	<u>11,822,102</u>	<u>11,686,771</u>	<u>11,020,373</u>
	<u>\$ 29,546,587</u>	<u>\$ 29,208,259</u>	<u>\$ 27,542,264</u>

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Operating revenue	<u>\$ 4,120,356</u>	<u>\$ 4,381,934</u>	<u>\$ 11,555,236</u>	<u>\$ 10,295,636</u>
Net profit for the period	\$ 2,539,987	\$ 2,007,916	\$ 6,093,086	\$ 3,871,224
Other comprehensive income (loss) for the period	<u>-</u>	<u>1,145</u>	<u>216</u>	<u>(1,173)</u>
Total comprehensive income for the period	<u>\$ 2,539,987</u>	<u>\$ 2,009,061</u>	<u>\$ 6,093,302</u>	<u>\$ 3,870,051</u>
Profit attributable to:				
Owners of Ho-Ping Power Company	\$ 1,523,992	\$ 1,204,750	\$ 3,655,852	\$ 2,322,734
Non-controlling interests of Ho-Ping Power Company	<u>1,015,995</u>	<u>803,166</u>	<u>2,437,234</u>	<u>1,548,490</u>
	<u>\$ 2,539,987</u>	<u>\$ 2,007,916</u>	<u>\$ 6,093,086</u>	<u>\$ 3,871,224</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Total comprehensive income attributable to:				
Owners of Ho-Ping Power Company	\$ 1,523,992	\$ 1,205,437	\$ 3,655,981	\$ 2,322,030
Non-controlling interests of Ho-Ping Power Company	<u>1,015,995</u>	<u>803,624</u>	<u>2,437,321</u>	<u>1,548,021</u>
	<u>\$ 2,539,987</u>	<u>\$ 2,009,061</u>	<u>\$ 6,093,302</u>	<u>\$ 3,870,051</u>
				(Concluded)

	For the Nine Months Ended September 30	
	2020	2019
Net cash inflow (outflow) from:		
Operating activities	\$ 3,721,627	\$ 4,863,117
Investing activities	(137,593)	(145,761)
Financing activities	<u>(5,256,228)</u>	<u>(4,429,205)</u>
Net cash inflow (outflow)	<u>\$ (1,672,194)</u>	<u>\$ 288,151</u>
Dividends paid to non-controlling interests of Ho-Ping Power Company	<u>\$ 2,301,903</u>	<u>\$ 2,000,000</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
Investments in associates	<u>\$ 47,935,215</u>	<u>\$ 47,631,870</u>	<u>\$ 47,597,673</u>
Material associates			
Cimpor Global Holdings B.V.	\$ 27,715,733	\$ 27,832,897	\$ 28,042,511
Associates that are not individually material			
Prosperity Conch Cement Company Limited	6,693,306	5,813,901	5,495,760
International CSRC Investment Holdings Co., Ltd.	6,114,241	6,286,309	6,385,933
TCC Recycle Energy Technology Company	1,738,219	1,806,253	341,049
CCC USA Corp.	1,670,873	1,724,538	1,770,342
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,632,859	1,700,788	1,683,597
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,060,085	1,117,517	1,060,635
ONYX Ta-Ho Environmental Services Co., Ltd.	769,983	818,277	703,425
Sichuan Taichang Building Material Group Company Limited	248,756	184,793	140,207
Hong Kong Concrete Co., Ltd.	149,810	179,471	187,810
			(Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
Quon Hing Concrete Co., Ltd.	\$ 125,671	\$ 160,245	\$ 179,798
Synpac Ltd.	6,682	6,881	7,108
Guigang Conch Taiwan Clay New Material Technology Co., Ltd.	5,135	-	-
Guangan TCC Jiuyuan Environmental Technology Co., Ltd.	3,862	-	-
E-ONE Moli Energy Corporation	-	-	1,553,177
Chia Huan Tung Cement Corporation	-	-	42,808
Shih Hsin Storage & Transportation Co., Ltd.	<u>-</u>	<u>-</u>	<u>3,513</u>
	<u>\$ 47,935,215</u>	<u>\$ 47,631,870</u>	<u>\$ 47,597,673</u> (Concluded)

Except for the financial statements of International CSRC Investment Holdings Co., Ltd., CCC USA Corp., and TCC Recycle Energy Technology Company, the financial statements of associates for the nine months ended September 30, 2020 and 2019 were not reviewed. Management believes there is no material impact on the financial statements of the abovementioned companies which have not been reviewed.

Refer to Note 32 for the amount of the Group's investment using the equity method as loan guarantee.

a. Material associates

	Proportion of Ownership		
	September 30, 2020	December 31, 2019	September 30, 2019
Cimpor Global Holdings B.V.	40.0%	40.0%	40.0%

Refer to information on investees and information on investments in mainland China for the nature of activities, principal place of business and country of incorporation of Cimpor Global Holdings B.V.

Cimpor Global Holdings B.V. (formerly known as Dutch OYAK TCC Holdings B.V.) is a joint venture company through collaboration between 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 acquired cement investment projects in areas such as Turkey. On September 30, 2019, the acquisition price allocation report and adjustments of the transaction price had not been completed, but these were subsequently completed at the end of October 2019. Considering that the depreciation and amortization amounts of the fair value of identifiable assets were not significant, the financial statements for the previous period were not restated.

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.

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Current assets	\$ 17,084,152	\$ 16,806,980	\$ 16,418,434
Non-current assets	63,494,136	64,433,834	59,049,791
Current liabilities	(13,628,309)	(11,714,622)	(12,004,610)
Non-current liabilities	(11,986,001)	(14,600,541)	(7,629,465)
Non-controlling interests	<u>(10,473,475)</u>	<u>(9,735,582)</u>	<u>(10,075,832)</u>
Equity attributable to the Group	<u>\$ 44,490,503</u>	<u>\$ 45,190,069</u>	<u>\$ 45,758,318</u>
Proportion of the Group's ownership	40.0%	40.0%	40.0%
Equity attributable to the Group	\$ 17,796,201	\$ 18,076,028	\$ 18,303,327
Goodwill	<u>9,919,532</u>	<u>9,756,869</u>	<u>9,739,184</u>
Carrying amounts	<u>\$ 27,715,733</u>	<u>\$ 27,832,897</u>	<u>\$ 28,042,511</u>

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Operating revenue	<u>\$ 7,224,241</u>	<u>\$ 4,938,663</u>	<u>\$ 18,260,322</u>	<u>\$ 10,998,556</u>
Net income (loss) for the period	\$ 835,869	\$ 65,207	\$ 1,381,359	\$ (418,222)
Other comprehensive income (loss)	<u>(1,318,743)</u>	<u>1,060,506</u>	<u>(2,632,057)</u>	<u>(390,525)</u>
Total comprehensive income (loss) for the period	<u>\$ (482,874)</u>	<u>\$ 1,125,713</u>	<u>\$ (1,250,698)</u>	<u>\$ (808,747)</u>

b. Aggregate information of associates that are not individually material

	<b>Proportion of Ownership</b>		
	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Prosperity Conch Cement Company Limited	25.0%	25.0%	25.0%
International CSRC Investment Holdings Co., Ltd. (Note 3)	19.2%	19.2%	19.2%
TCC Recycle Energy Technology Company (Note 2)	29.7%	29.7%	32.5%
CCC USA Corp.	33.3%	33.3%	33.3%
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%	30.0%
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%	30.0%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%	50.0%

(Continued)

	<b>Proportion of Ownership</b>		
	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Sichuan Taichang Building Material Group Company Limited	30.0%	30.0%	30.0%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%	31.5%
Quon Hing Concrete Co., Ltd.	50.0%	50.0%	50.0%
Synpac Ltd.	25.0%	25.0%	25.0%
Guigang Conch-TCC New Material Technology Co., Ltd. (Note 6)	40.0%	-	-
Guangan TCC Jiuyuan Environmental Protection Technology Co., Ltd. (Note 5)	45.0%	-	-
E-ONE Moli Energy Corporation (Note 1)	-	-	28.1%
Chia Huan Tung Cement Corporation (Note 4)	-	-	33.8%
Shih Hsin Storage & Transportation Co., Ltd. (Note 3)	-	-	-

(Concluded)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
The Group's share of:				
Net income for the period	\$ 738,766	\$ 695,147	\$ 1,650,729	\$ 2,070,207
Other comprehensive income (loss)	<u>59,720</u>	<u>(438,780)</u>	<u>(329,810)</u>	<u>93,238</u>
Total comprehensive income for the period	<u>\$ 798,486</u>	<u>\$ 256,367</u>	<u>\$ 1,320,919</u>	<u>\$ 2,163,445</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. and Shih Hsin Storage & Transportation Co., Ltd. are less than 20%; however, the Group has significant influence and therefore accounts for the investment by using the equity method. Shih Hsin Storage & Transportation Co., Ltd. Had completed liquidation in the first three quarters of 2020.

Note 4: 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 liquidated at the end of 2019.

Note 5: The Group participated in the investment in Guangan TCC Jiuyuan Environmental Protection Technology Co., Ltd. in the first three quarters of 2020. The proportion of the Group's ownership was 45%, and the investment price was \$3,731 thousand.

Note 6: The Group participated in the investment in Guigang Conch-TCC New Material Technology Co., Ltd. in the first three quarters of 2020. The proportion of the Group's ownership was 40%, and the investment price was \$5,023 thousand.

## 15. 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	39,620	804,723	3,403,054	1,709,414	5,968,088
Disposals	-	(74,152)	(366,154)	(2,257,826)	-	(2,698,132)
Reclassification	-	143,101	402,281	137,924	(618,843)	64,463
Effects of exchange rate changes	-	(882,365)	(1,439,104)	(19,577)	(110,022)	(2,451,068)
Balance at September 30, 2019	<u>\$ 20,676,526</u>	<u>\$ 48,843,380</u>	<u>\$ 92,910,133</u>	<u>\$ 13,984,559</u>	<u>\$ 6,277,191</u>	<u>\$ 182,691,789</u>
<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	-	(22,212)	(316,481)	(1,969,538)	-	(2,308,231)
Depreciation expenses	-	1,103,179	3,149,083	454,554	-	4,706,816
Impairment loss	-	-	-	109,000	-	109,000
Reclassification	-	778	332,647	(333,425)	-	-
Effects of exchange rate changes	-	(276,357)	(876,904)	(24,060)	(2,123)	(1,179,444)
Balance at September 30, 2019	<u>\$ 274,188</u>	<u>\$ 17,591,639</u>	<u>\$ 66,223,867</u>	<u>\$ 7,873,478</u>	<u>\$ 79,582</u>	<u>\$ 92,042,754</u>
Carrying amounts at September 30, 2019	<u>\$ 20,402,338</u>	<u>\$ 31,251,741</u>	<u>\$ 26,686,266</u>	<u>\$ 6,111,081</u>	<u>\$ 6,197,609</u>	<u>\$ 90,649,035</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	388,217	62,860	215,519	233,696	2,493,181	3,393,473
Disposals	(18,843)	(15,847)	(516,075)	(194,057)	-	(744,822)
Reclassification	1,383,983	148,333	1,019,448	109,320	(894,528)	1,766,556
Effects of exchange rate changes	-	(223,029)	(342,729)	(108,810)	(16,649)	(691,217)
Balance at September 30, 2020	<u>\$ 22,429,883</u>	<u>\$ 48,433,815</u>	<u>\$ 93,295,324</u>	<u>\$ 14,971,948</u>	<u>\$ 8,098,383</u>	<u>\$ 187,229,353</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	-	(14,844)	(461,645)	(153,038)	-	(629,527)
Depreciation expenses	-	1,013,342	2,944,591	516,330	-	4,474,263
Impairment loss	-	-	51,656	-	-	51,656
Reclassification	534,716	-	-	(265)	-	534,451
Effects of exchange rate changes	-	(54,171)	(177,554)	(17,126)	(572)	(249,423)
Balance at September 30, 2020	<u>\$ 808,904</u>	<u>\$ 18,803,111</u>	<u>\$ 69,805,580</u>	<u>\$ 8,309,644</u>	<u>\$ 78,225</u>	<u>\$ 97,805,464</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<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>
Carrying amounts at September 30, 2020	<u>\$ 21,620,979</u>	<u>\$ 29,630,704</u>	<u>\$ 23,489,744</u>	<u>\$ 6,662,304</u>	<u>\$ 8,020,158</u>	<u>\$ 89,423,889</u>

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, in the first three quarters of 2020 and 2019, respectively, they recognized an impairment loss of \$51,656 thousand and \$109,000 thousand. 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 16.5%.

The above items of property, plant and equipment were 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 32.

Acquisitions of property, plant and equipment included non-cash items which were reconciled as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Acquisitions of property, plant and equipment	\$ 3,393,473	\$ 5,968,088
Increase in prepayments for equipment	2,051,973	415,973
Decrease in payables for equipment	<u>666,621</u>	<u>1,159</u>
	<u>\$ 6,112,067</u>	<u>\$ 6,385,220</u>

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Carrying amounts</u>			
Land (Note)	\$ 11,446,495	\$ 11,704,843	\$ 11,739,758
Buildings	700,850	808,408	881,670
Machinery	216,481	172,103	197,737
Other	<u>52,479</u>	<u>48,932</u>	<u>49,783</u>
	<u>\$ 12,416,305</u>	<u>\$ 12,734,286</u>	<u>\$ 12,868,948</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.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Additions to right-of-use assets	\$ 190,764	\$ 114,965	\$ 364,827	\$ 4,378,436
Depreciation charge for right-of-use assets				
Land	\$ 127,185	\$ 123,193	\$ 373,501	\$ 297,612
Buildings	40,251	43,651	123,925	121,632
Machinery	28,453	22,913	78,220	66,541
Other	5,218	4,776	15,509	13,160
	<u>\$ 201,107</u>	<u>\$ 194,533</u>	<u>\$ 591,155</u>	<u>\$ 498,945</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 three months ended September 30, 2020 and 2019.

b. Lease liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Carrying amounts</u>			
Current	\$ 343,689	\$ 416,346	\$ 371,475
Non-current	\$ 1,959,022	\$ 2,073,806	\$ 2,035,534

Range of discount rate for lease liabilities was as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Land	1.79%-4.90%	1.79%-4.90%	1.85%-4.90%
Buildings	1.79%-4.75%	1.79%-4.75%	1.85%-4.75%
Machinery	1.21%-2.00%	1.21%-2.00%	1.85%-2.00%
Other	1.76%-4.75%	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 Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	<u>\$ 315,008</u>	<u>\$ 309,027</u>	<u>\$ 798,445</u>	<u>\$ 913,277</u>
Expenses relating to low-value asset leases	<u>\$ 353</u>	<u>\$ 80</u>	<u>\$ 977</u>	<u>\$ 198</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 44,534</u>	<u>\$ 1,226</u>	<u>\$ 165,738</u>	<u>\$ 1,511</u>
Total cash outflow for leases	<u>\$ (512,002)</u>	<u>\$ (484,805)</u>	<u>\$ (1,325,941)</u>	<u>\$ (1,270,530)</u>

The Group leases certain assets which qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 17. INVESTMENT PROPERTIES

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Land	\$ 4,875,977	\$ 5,725,244	\$ 5,725,244
Buildings	<u>580,973</u>	<u>596,965</u>	<u>603,312</u>
	<u>\$ 5,456,950</u>	<u>\$ 6,322,209</u>	<u>\$ 6,328,556</u>

Except for depreciation expense and a transfer of the net proceeds from land used by the Group of \$849,267 thousand to property, plant and equipment in the first three quarters of 2020, the Group did not recognize significant additions, disposals or impairment loss of investment properties during the nine months ended September 30, 2020 and 2019.

The buildings of the investment properties were depreciated using the straight-line method over their estimated useful lives of 50 years.

As of December 31, 2019 and 2018, the fair values of investment properties were \$14,859,809 thousand and \$14,865,003 thousand, respectively. Except for the transfer to be used by the Group during the nine months ended September 30, the adjusted fair value was \$12,195,685 thousand on September 30, 2020, management of the Group had assessed and determined that there were no significant changes in fair value as of September 30, 2020 and 2019, as compared to that of December 31, 2019 and 2018.

The investment properties pledged as collateral for bank borrowings are set out in Note 32.

## 18. INTANGIBLE ASSETS

	Goodwill	Operational Concession	Mining Rights	Others	Total
<u>Cost</u>					
Balance at January 1, 2019	\$ 11,988,345	\$ 7,681,476	\$ 3,199,099	\$ 1,194,509	\$ 24,063,429
Additions	-	-	96,456	10,964	107,420
Effects of exchange rate changes	(296,921)	-	(81,318)	(5,951)	(384,190)
Balance at September 30, 2019	<u>\$ 11,691,424</u>	<u>\$ 7,681,476</u>	<u>\$ 3,214,237</u>	<u>\$ 1,199,522</u>	<u>\$ 23,786,659</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	-	113,333	139,132	43,951	296,416
Effects of exchange rate changes	-	-	(35,637)	(4,423)	(40,060)
Balance at September 30, 2019	<u>\$ 156,000</u>	<u>\$ 1,171,110</u>	<u>\$ 1,462,122</u>	<u>\$ 1,103,201</u>	<u>\$ 3,892,433</u>
Carrying amounts at September 30, 2019	<u>\$ 11,535,424</u>	<u>\$ 6,510,366</u>	<u>\$ 1,752,115</u>	<u>\$ 96,321</u>	<u>\$ 19,894,226</u>
<u>Cost</u>					
Balance at January 1, 2020	\$ 11,603,510	\$ 7,681,476	\$ 3,184,609	\$ 1,190,994	\$ 23,660,589
Additions	-	-	26,583	10,136	36,719
Reclassification	-	-	-	560	560
Effects of exchange rate changes	(61,404)	-	(22,781)	(7,063)	(91,248)
Balance at September 30, 2020	<u>\$ 11,542,106</u>	<u>\$ 7,681,476</u>	<u>\$ 3,188,411</u>	<u>\$ 1,194,627</u>	<u>\$ 23,606,620</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	-	113,333	147,926	41,842	303,101
Effects of exchange rate changes	-	-	(10,202)	(6,381)	(16,583)
Balance at September 30, 2020	<u>\$ 156,000</u>	<u>\$ 1,322,221</u>	<u>\$ 1,667,668</u>	<u>\$ 1,145,100</u>	<u>\$ 4,290,989</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 11,447,510</u>	<u>\$ 6,472,588</u>	<u>\$ 1,654,665</u>	<u>\$ 81,355</u>	<u>\$ 19,656,118</u>
Carrying amounts at September 30, 2020	<u>\$ 11,386,106</u>	<u>\$ 6,359,255</u>	<u>\$ 1,520,743</u>	<u>\$ 49,527</u>	<u>\$ 19,315,631</u>

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

## 19. BORROWINGS

### a. Short-term loans

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Secured borrowings</u>			
Bank loans	<u>\$ 170,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

(Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Unsecured borrowings</u>			
Bank loans - unsecured	\$ 32,882,607	\$ 29,899,542	\$ 36,011,104
Bank loans - letters of credit	<u>583,777</u>	<u>395,506</u>	<u>774,632</u>
	<u>33,466,384</u>	<u>30,295,048</u>	<u>36,785,736</u>
	<u>\$ 33,636,384</u>	<u>\$ 30,445,048</u>	<u>\$ 36,935,736</u>
Interest rate	0.62%-1.85%	0.82%-4.35%	0.82%-4.35% (Concluded)
b. Short-term bills payable			
	September 30, 2020	December 31, 2019	September 30, 2019
Commercial paper	\$ 7,220,000	\$ 5,880,000	\$ 6,010,000
Less: Unamortized discount on bills payable	<u>4,617</u>	<u>4,602</u>	<u>5,759</u>
	<u>\$ 7,215,383</u>	<u>\$ 5,875,398</u>	<u>\$ 6,004,241</u>
Interest rate	0.86%-1.17%	0.96%-1.24%	0.78%-1.24%
c. Long-term loans and long-term bills payable			
	September 30, 2020	December 31, 2019	September 30, 2019
Secured borrowings	\$ 5,958,756	\$ 4,112,790	\$ 3,725,152
Unsecured borrowings	<u>25,353,041</u>	<u>28,064,383</u>	<u>25,718,500</u>
	31,311,797	32,177,173	29,443,652
Less: Current portions	<u>5,061,151</u>	<u>1,624,138</u>	<u>700,757</u>
	<u>\$ 26,250,646</u>	<u>\$ 30,553,035</u>	<u>\$ 28,742,895</u>
Long-term bills payable	\$ 5,000,000	\$ 11,828,000	\$ 11,828,000
Less: Discount on bills payable	<u>8,731</u>	<u>27,034</u>	<u>24,100</u>
	<u>\$ 4,991,269</u>	<u>\$ 11,800,966</u>	<u>\$ 11,803,900</u>
Interest rate			
Long-term loans	0.95%-1.89%	1.40%-2.90%	1.40%-3.66%
Long-term bills payable	1.16%	1.32%-1.50%	1.32%-1.38%

Long-term loans consist of unsecured borrowings, secured borrowings and earmarked loans. The principals of long-term unsecured and secured borrowings will be due in September 2027, and the interests are paid monthly. The principals of earmarked loans will be 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.

## 20. BONDS PAYABLE

	September 30, 2020	December 31, 2019	September 30, 2019
Domestic unsecured bonds	\$ 44,600,000	\$ 24,600,000	\$ 24,600,000
Less: Discount on bonds payable	<u>86,775</u>	<u>55,240</u>	<u>57,530</u>
	<u>44,513,225</u>	<u>24,544,760</u>	<u>24,542,470</u>
Overseas unsecured convertible bonds	12,562,169	12,663,477	12,663,477
Less: Discount on bonds payable	<u>1,223,521</u>	<u>1,508,459</u>	<u>1,598,305</u>
	<u>11,338,648</u>	<u>11,155,018</u>	<u>11,065,172</u>
	<u>\$ 55,851,873</u>	<u>\$ 35,699,778</u>	<u>\$ 35,607,642</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 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 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 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 the issuance date of this consolidated financial report, a total of 2,901 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>September 30, 2019</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>264,323</u>
Liability component at September 30, 2019	<u>\$ 11,065,172</u>

	<b>September 30, 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%	274,667
Convertible bonds converted to ordinary shares (2,901 thousand shares has been converted)	<u>(91,037)</u>
Liability component at September 30, 2020	<u>\$ 11,338,648</u>

## 21. OTHER PAYABLES

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Salaries and bonuses payable	\$ 2,127,771	\$ 2,622,388	\$ 1,954,096
Deposits and retention money	1,073,094	988,210	905,764
Taxes payable	872,788	1,332,528	968,326
Payables for electricity	274,457	422,941	334,363
Freight payables	238,265	388,269	408,636
Payables for equipment	272,279	940,080	477,450
Interest payable	221,485	248,728	165,664
Others	<u>3,290,105</u>	<u>4,047,467</u>	<u>3,444,228</u>
	<u>\$ 8,370,244</u>	<u>\$ 10,990,611</u>	<u>\$ 8,658,527</u>

## 22. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the defined retirement benefit plans applied the respective actuarially determined annual pension cost discount rate as of December 31, 2019 and 2018 and was recognized in the following line items in its respective periods:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Operating costs	\$ (455)	\$ 109	\$ 164	\$ 436
Operating expenses	<u>(508)</u>	<u>(271)</u>	<u>1,295</u>	<u>(960)</u>
	<u>\$ (963)</u>	<u>\$ (162)</u>	<u>\$ 1,459</u>	<u>\$ (524)</u>

## 23. EQUITY

### a. Share capital

#### 1) Ordinary shares

	September 30, 2020	December 31, 2019	September 30, 2019
Number of shares authorized (in thousands)	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>
Shares authorized	<u>\$ 70,000,000</u>	<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>	<u>5,465,619</u>
Shares issued	<u>\$ 57,414,007</u>	<u>\$ 54,656,192</u>	<u>\$ 54,656,192</u>

A holder of issued ordinary shares with par value of \$10 is entitled to the proportional rights to vote and to receive dividends. The authorized shares 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 September 2020 and September 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.

b. Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)			
Issuance of ordinary shares	\$ 44,176,367	\$ 44,176,367	\$ 44,176,367
Conversion of bonds	1,593,020	1,520,632	1,520,632
Difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	22,392	466,784	466,778
Treasury share transactions	204,691	204,127	204,127
Donations	31,537	31,537	31,537
May be used to offset a deficit only (Note 2)			
Changes in percentage of ownership interests in subsidiaries	116,238	116,238	116,238
Forfeited share options	13,542	10,695	10,695
Dividends distributed by subsidiaries not yet received by shareholders	2,161	2,161	2,161
May not be used for any purpose			
Equity component of convertible bond	1,297,605	1,308,070	1,308,070
Changes in interests in associates accounted for using the equity method	<u>179,902</u>	<u>179,336</u>	<u>468,820</u>
	<u>\$ 47,637,455</u>	<u>\$ 48,015,947</u>	<u>\$ 48,305,425</u>

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' meeting for the distribution of preference shares then dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employee benefits expense" in Note 24c.

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, which were approved in the shareholders’ general meeting in June 2020 and 2019, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share</b>	
	<b>For the Year Ended</b>		<b>(NT\$)</b>	
	<b>December 31</b>		<b>For the Year Ended</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>	<u>\$ 3.30</u>
			(Note 1)	(Note 2)
Share dividends on ordinary shares	2,728,810	3,575,593	<u>\$ 0.50</u>	<u>\$ 0.70</u>
			(Note 1)	(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.

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. The special reserves were reversed \$9,202 thousand and \$0 thousand for the nine months ended September 30, 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 Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (11,660,261)	\$ (5,037,221)
Recognized during the period		
Exchange differences on translating foreign operations	(827,905)	(3,701,956)
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>(833,608)</u>	<u>(1,257,019)</u>
Balance at September 30	<u>\$ (13,321,774)</u>	<u>\$ (9,996,196)</u>

2) Unrealized gain on financial assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 35,395,116	\$ 24,074,566
Recognized during the period		
Unrealized gain (loss) - equity instruments	(2,437,223)	6,014,133
Share of profit or loss of associates and joint ventures	<u>(95,530)</u>	<u>128,936</u>
Other comprehensive income (loss) recognized in the period	(2,532,753)	6,143,069
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(101,298)</u>	<u>-</u>
Balance at September 30	<u>\$ 32,761,065</u>	<u>\$ 30,217,635</u>

3) Cash flow hedges

	<b>For the Nine Months Ended September 30</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	(704)
Share from associates accounted for by using the equity method	<u>(174)</u>	<u>(1,109)</u>
Transferred to initial carrying amount of hedged items	<u>(129)</u>	<u>-</u>
Balance at September 30	<u>\$ (174)</u>	<u>\$ (704)</u>

f. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 14,777,799	\$ 15,837,946
Net income	2,299,065	1,185,672
Other comprehensive income (loss) in the period		
Exchange differences on translating foreign operations	(24,491)	(7,866)
Unrealized gain (loss) on financial assets at FVTOCI	(101,045)	61,978
Gain (loss) on fair value changes of cash flow hedges	87	(469)
Transferred to initial carrying amount of hedged items	(87)	-
Dividends paid by subsidiaries	(2,485,606)	(2,222,426)
Disposal and acquisition of non-controlling interests in subsidiaries	<u>(294,723)</u>	<u>(146,303)</u>
Balance at September 30	<u>\$ 14,170,999</u>	<u>\$ 14,708,532</u>

g. Treasury shares

	<b>(In Thousands of Shares)</b>	
	<b>For the Nine Months Ended September 30</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 September 30	<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 September 30, 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.

## 24. NET INCOME

Net income includes the following items:

### a. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
An analysis of depreciation by account				
Property, plant and equipment	\$ 1,498,456	\$ 1,657,486	\$ 4,474,263	\$ 4,706,816
Right-of-use assets	201,107	194,533	591,155	498,945
Investment properties	<u>5,182</u>	<u>5,337</u>	<u>15,592</u>	<u>16,071</u>
	<u>\$ 1,704,745</u>	<u>\$ 1,857,356</u>	<u>\$ 5,081,010</u>	<u>\$ 5,221,832</u>
An analysis of depreciation by function				
Operating costs	\$ 1,622,070	\$ 1,695,521	\$ 4,774,442	\$ 4,757,229
Operating expenses	82,463	161,620	305,928	463,960
Non-operating expenses	<u>212</u>	<u>215</u>	<u>640</u>	<u>643</u>
	<u>\$ 1,704,745</u>	<u>\$ 1,857,356</u>	<u>\$ 5,081,010</u>	<u>\$ 5,221,832</u>
An analysis of amortization by function				
Operating costs	\$ 86,229	\$ 95,737	\$ 267,110	\$ 257,980
Operating expenses	<u>11,920</u>	<u>12,629</u>	<u>35,991</u>	<u>38,436</u>
	<u>\$ 98,149</u>	<u>\$ 108,366</u>	<u>\$ 303,101</u>	<u>\$ 296,416</u>

### b. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Retirement benefit plans				
Defined contribution plans	\$ 50,819	\$ 105,916	\$ 154,539	\$ 307,789
Defined benefit plans	<u>(963)</u>	<u>(162)</u>	<u>1,459</u>	<u>(524)</u>
	49,856	105,754	155,998	307,265
Share-based payments				
Equity-settled	-	826	4,808	826
Other employee benefits	<u>1,820,142</u>	<u>1,243,055</u>	<u>5,202,386</u>	<u>4,564,725</u>
Total employee benefits expense	<u>\$ 1,869,998</u>	<u>\$ 1,349,635</u>	<u>\$ 5,363,192</u>	<u>\$ 4,872,816</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 1,267,600	\$ 665,271	\$ 3,577,093	\$ 3,018,926
Operating expenses	<u>602,398</u>	<u>684,364</u>	<u>1,786,099</u>	<u>1,853,890</u>
	<u>\$ 1,869,998</u>	<u>\$ 1,349,635</u>	<u>\$ 5,363,192</u>	<u>\$ 4,872,816</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 for the three months ended September 30, 2020 and 2019 and the nine months ended September 30, 2020 and 2019. The employees' compensation and the remuneration of directors for said periods were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Employees' compensation	<u>\$ 9,462</u>	<u>\$ 17,058</u>	<u>\$ 56,793</u>	<u>\$ 51,175</u>
Remuneration of directors	<u>\$ 66,968</u>	<u>\$ 53,772</u>	<u>\$ 179,765</u>	<u>\$ 161,316</u>

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.

The employees' compensation and remuneration of directors to be paid in cash for the years ended December 31, 2019 and 2018, which have been resolved by the board of directors in March 2020 and March 2019, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	<u>\$ 86,409</u>	<u>\$ 68,236</u>
Remuneration of directors	<u>\$ 245,432</u>	<u>\$ 215,088</u>

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 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest on bank borrowings	\$ 201,694	\$ 357,805	\$ 751,333	\$ 1,023,814
Interest on corporate bonds	215,443	167,490	587,695	448,887
Interest on lease liabilities	11,282	11,764	33,694	32,031
Other finance costs	<u>44,734</u>	<u>34,982</u>	<u>140,946</u>	<u>154,194</u>
	<u>\$ 473,153</u>	<u>\$ 572,041</u>	<u>\$ 1,513,668</u>	<u>\$ 1,658,926</u>

Information about capitalized interest was as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Capitalized interest	\$ <u>-</u>	\$ <u>1,594</u>	\$ <u>-</u>	\$ <u>7,370</u>
Capitalization rate	-	1.05%-1.10%	-	1.05%-1.10%

## 25. INCOME TAX

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current tax				
In respect of the current period	\$ 1,948,344	\$ 1,884,993	\$ 5,486,128	\$ 4,992,463
Adjustments for prior periods	<u>(6,605)</u>	<u>(1,639)</u>	<u>(231,665)</u>	<u>(253,397)</u>
	<u>1,941,739</u>	<u>1,883,354</u>	<u>5,254,463</u>	<u>4,739,066</u>
Deferred tax				
In respect of the current period	<u>155,510</u>	<u>(6,853)</u>	<u>256,691</u>	<u>215,096</u>
	<u>\$ 2,097,249</u>	<u>\$ 1,876,501</u>	<u>\$ 5,511,154</u>	<u>\$ 4,954,162</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate 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. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

### b. Income tax return assessments

The information of the years through which the income tax returns have been assessed for the group entities is as follows:

<b>Year</b>	<b>Company</b>
2019	Ta-Ho Taitung Environment Co., Ltd.
2018	Ta-Ho RSEA Environment Co., Ltd., Ho Sheng Mining Co., Ltd., Union Cement Traders Inc., TCC Investment Corporation, Taiwan Cement Engineering Corporation, E.G.C. Cement Corporation, Taiwan Transport & Storage Corporation, TCC Information Systems Corporation, Tung Chen Mineral Corporation, Jin Chang Minerals Corporation, Hoping Industrial Port Corporation, HPC Power Service Corporation, Ho-Ping Power Company, Feng Sheng Enterprise Company, TCC Green Energy Corporation, TCC Chemical Corporation, Kuan-Ho Refractories Industry Corporation, Ta-Ho Maritime Corporation
2017	Taiwan Cement Corporation, Taiwan Prosperity Chemical Corporation

## 26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Basic earnings per share	\$ 1.30	\$ 1.14	\$ 3.15	\$ 3.09
Diluted earnings per share	\$ 1.23	\$ 1.09	\$ 2.99	\$ 2.98

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 for the nine months ended September 30, 2019 and the three months ended September 30, 2019 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended September 30	For the Nine Months Ended September 30	For the Three Months Ended September 30	For the Nine Months Ended September 30
Basic earnings per share	\$ 1.20	\$ 3.24	\$ 1.14	\$ 3.09
Diluted earnings per share	\$ 1.14	\$ 3.12	\$ 1.09	\$ 2.98

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Profit for the period attributable to owners of the Corporation (Note)	\$ 7,472,614	\$ 6,537,547	\$ 18,057,237	\$ 17,701,305
Effect of potentially dilutive ordinary shares:				
Interest on convertible bonds	70,201	70,547	211,213	157,024
Earnings used in the computation of diluted earnings per share	\$ 7,542,815	\$ 6,608,094	\$ 18,268,450	\$ 17,858,329
<u>Number of shares (in thousands)</u>				
Weighted average number of ordinary shares in computation of basic earnings per share	5,729,105	5,730,740	5,729,368	5,735,531
Effect of potentially dilutive ordinary shares:				
Employees' compensation	1,372	1,291	2,134	1,811
Convertible bonds	384,528	348,019	385,923	259,081
Weighted average number of ordinary shares used in the computation of diluted earnings per share	6,115,005	6,080,050	6,117,425	5,996,423

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 and 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.

## 27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the nine months ended September 30, 2020, the Group acquired 0.02% of the shares of Taiwan Cement Engineering Corporation, and the proportion of ownership was from 99.05% to 99.07%.

Acquirer	Taiwan Cement Corporation
Acquiree	Taiwan Cement Engineering Corporation
Cash consideration paid	\$ (160)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>160</u>
Differences arising from equity transactions	<u>\$ -</u>

During the nine months ended September 30, 2020, the Group acquired 31.1% of the shares of Taiwan Property Chemical Corporation, and the proportion of ownership was from 42.5% to 73.6%.

Acquirer	Taiwan Cement Corporation
Acquiree	Taiwan Property Chemical Corporation
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>

Acquirer	Taiwan Cement Corporation
Acquiree	Taiwan Property Chemical Corporation

### 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>\$444,392</u>
--	------------------

The above transactions were accounted for as equity transactions since there was no change in the Group's control over these subsidiaries.

During the nine months ended September 30, 2019, the Group acquired 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	\$ (406)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>429</u>
Differences arising from equity transactions	<u>\$ 23</u>
<b>Acquirer</b>	<b>Taiwan Transport and Storage Corporation</b>
<b>Acquiree</b>	<b>Ta-Ho Maritime Corporation</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>\$ 23</u>
--	--------------

The above transactions were accounted for as equity transactions since there was no change in the Group's control over these subsidiaries.

## 28. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the nine months ended September 30, 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	\$ 3,353,420	\$ (162,084)	\$ 33,636,384
Long-term borrowings (including expired within a year)	<u>32,177,173</u>	<u>(753,368)</u>	<u>(112,008)</u>	<u>31,311,797</u>
	<u>\$ 62,622,221</u>	<u>\$ 2,600,052</u>	<u>\$ (274,092)</u>	<u>\$ 64,948,181</u>

For the nine months ended September 30, 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	\$ 10,656,519	\$ 53,166	\$ 36,935,736
Long-term borrowings (including expired within a year)	<u>26,555,918</u>	<u>2,778,218</u>	<u>109,516</u>	<u>29,443,652</u>
	<u>\$ 52,781,969</u>	<u>\$ 13,434,737</u>	<u>\$ 162,682</u>	<u>\$ 66,379,388</u>

## 29. 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.

## 30. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

September 30, 2020

	<b>Carrying Amount</b>	<b>Fair Value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 11,338,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,336,932</u>	<u>\$ 12,336,932</u>

December 31, 2019

	<b>Carrying Amount</b>	<b>Fair Value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<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>

September 30, 2019

	<b>Carrying Amount</b>	<b>Fair Value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 11,065,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,653,357</u>	<u>\$ 11,653,357</u>

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

1) Fair value hierarchy

September 30, 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	\$ -	\$ -	\$ 17,153	\$ 17,153
Domestic listed shares	205,247	-	-	205,247
Domestic emerging market shares	<u>101,117</u>	<u>-</u>	<u>-</u>	<u>101,117</u>
	<u>\$ 306,364</u>	<u>\$ -</u>	<u>\$ 17,153</u>	<u>\$ 323,517</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 5,116,376	\$ -	\$ -	\$ 5,116,376
Foreign listed shares	27,097,402	-	-	27,097,402
Domestic unlisted shares	-	-	7,398,937	7,398,937
Convertible preference shares	<u>52,143</u>	<u>-</u>	<u>-</u>	<u>52,143</u>
	<u>\$ 32,265,921</u>	<u>\$ -</u>	<u>\$ 7,398,937</u>	<u>\$ 39,664,858</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>

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Domestic listed shares	\$ 224,473	\$ -	\$ -	\$ 224,473
Domestic emerging market shares	93,923	-	-	93,923
Mutual funds	<u>168,598</u>	<u>-</u>	<u>-</u>	<u>168,598</u>
	<u>\$ 486,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,994</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 6,785,543	\$ -	\$ -	\$ 6,785,543
Foreign listed shares	24,690,956	-	-	24,690,956
Domestic unlisted shares	-	-	6,694,452	6,694,452
Convertible preference shares	<u>54,714</u>	<u>-</u>	<u>-</u>	<u>54,714</u>
	<u>\$ 31,531,213</u>	<u>\$ -</u>	<u>\$ 6,694,452</u>	<u>\$ 38,225,665</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,940</u>	<u>\$ 4,940</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

**For the Nine  
Months Ended  
September 30,  
2020**

Financial assets at FVTOCI	
Equity instrument investment	
Balance at January 1, 2020	\$ 6,971,622
Recognized in other comprehensive income	481,284
Disposal	<u>(53,969)</u>
Balance at September 30, 2020	<u>\$ 7,398,937</u>
Financial assets at FVTPL	
Derivative instrument investment	
Balance at January 1, 2020	\$ 1,235
Recognized in gain	16,027
Convertible bonds converted into ordinary shares	<u>(109)</u>
Balance at September 30, 2020	<u>\$ 17,153</u>

**For the Nine  
Months Ended  
September 30,  
2019**

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	(51,375)
Recognized in other comprehensive income	<u>828,742</u>
Balance at September 30, 2019	<u>\$ 6,694,452</u>

Financial liabilities at FVTPL

Derivative instrument investment

Balance at January 1, 2019	\$ 139,460
Recognized in loss	<u>(134,520)</u>
Balance at September 30, 2019	<u>\$ 4,940</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 September 30, 2020 and December 31, 2019 and September 30, 2019, the historical volatility used were 23.75%, 14.67% and 21.27%, respectively.
- b) 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>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Comprehensive discount for lack of marketability and non-controlling interests	10%	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>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Comprehensive discount for lack of marketability and non-controlling interests			
1% increase	<u>\$ (25,751)</u>	<u>\$ (25,400)</u>	<u>\$ (24,147)</u>
1% decrease	<u>\$ 25,751</u>	<u>\$ 25,400</u>	<u>\$ 24,147</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>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Discount for lack of marketability	20%	20%-30%	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>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Discount for lack of marketability			
1% increase	<u>\$ (2,518)</u>	<u>\$ (3,818)</u>	<u>\$ (3,582)</u>
1% decrease	<u>\$ 2,518</u>	<u>\$ 3,818</u>	<u>\$ 3,582</u>

The dividend discount model values a target company based on its stability of dividend payments in the past.

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Discount rate	5.5%	6.9%	6.6%
Dividend growth rate	1.4%	1.4%	1.4%
Discount for lack of marketability	10.0%	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>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Discount for lack of marketability			
1% increase	<u>\$ (54,062)</u>	<u>\$ (48,487)</u>	<u>\$ (46,664)</u>
1% decrease	<u>\$ 54,062</u>	<u>\$ 48,487</u>	<u>\$ 46,664</u>

c. Categories of financial instruments

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets</u>			
Financial assets at FVTPL			
Financial assets mandatorily classified at FVTPL	\$ 323,517	\$ 502,005	\$ 486,994
Financial assets measured at amortized cost (1)	144,671,871	130,255,654	123,565,760
Financial assets at FVTOCI			
Equity instruments investment	39,664,858	43,301,084	38,225,665
Hedging instruments	-	-	161,874
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	-	-	4,940
Financial liabilities measured at amortized cost (2)	148,237,773	134,650,780	136,672,570

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables, other receivables from related parties and finance lease receivables.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable, other payables (including related parties transactions), bonds payable and 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 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 periodically evaluates the investment's performance, and no significant market risk is anticipated.

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 the functional currency (including those eliminated on consolidation) at the end of reporting period are set out in Note 35.

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 TWD/RMB/HKD strengthening 1% against the relevant currency.

	<b>USD Impact</b>		<b>HKD Impact</b>	
	<b>For the Nine Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
NTD	\$ (1,903)	\$ (21,677)	\$ -	\$ -
RMB	\$ (1,791)	\$ (9,734)	\$ (1,161)	\$ 3,930
HKD	\$ 47,940	\$ 47,667	\$ -	\$ -

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Cash flow interest rate risk			
Financial assets	\$ 23,864,313	\$ 25,276,394	\$ 18,688,707
Financial liabilities	64,948,181	62,622,221	66,379,388

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 portion 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 nine months ended September 30, 2020 and 2019 would increase/decrease by \$71,593 thousand and \$56,066 thousand, respectively.

For the Corporation's portion 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 nine months ended September 30, 2020 and 2019 would increase/decrease by \$194,845 thousand and \$199,138 thousand, respectively.

c) Other price risk

The Group was exposed to equity instruments and commodities price risk through its investments in equity securities and funds. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analyses

The sensitivity analyses were based on the exposure of equity instruments/commodities prices at the end of reporting period. If equity instruments/commodities prices of financial assets at FVTPL had been 5% higher/lower, profit or loss for the nine months ended September 30, 2020 and 2019 would increase/decrease by \$15,318 thousand and \$24,350 thousand, respectively. If equity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the nine months ended September 30, 2020 and 2019 would increase/decrease by \$1,983,243 thousand and \$1,911,283 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 assessed the operations and financial condition of customers and monitored the collectability of accounts receivable. The Group also requires credit enhancements by bank guarantees or collaterals for certain customers or certain geographical locations.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings 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 September 30, 2020, December 31, 2019 and September 30, 2019, the amounts of unused financing facilities were \$111,462,501 thousand, \$98,765,259 thousand and \$108,331,143 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.

#### September 30, 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	\$ 1,056,020	\$ 10,471,610	\$ 2,604,258	\$ 163,576	\$ 3,277
Lease liabilities	45,000	88,371	446,270	1,745,802	2,061,289
Variable interest rate liabilities	10,422,989	20,034,940	8,814,789	26,862,427	92,041
Fixed interest rate liabilities	<u>1,790,000</u>	<u>5,430,000</u>	<u>484,620</u>	<u>31,993,549</u>	<u>35,080,160</u>
	<u>\$ 13,314,009</u>	<u>\$ 36,024,921</u>	<u>\$ 12,349,937</u>	<u>\$ 60,765,354</u>	<u>\$ 37,236,767</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>\$ 579,641</u>	<u>\$ 1,745,802</u>	<u>\$ 941,207</u>	<u>\$ 182,447</u>	<u>\$ 173,209</u>	<u>\$ 764,426</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	91,020	95,040	460,629	1,640,600	2,399,840
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>\$ 4,132,081</u>	<u>\$ 44,881,955</u>	<u>\$ 9,490,508</u>	<u>\$ 71,673,956</u>	<u>\$ 16,260,237</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>\$ 646,689</u>	<u>\$ 1,640,600</u>	<u>\$ 1,255,881</u>	<u>\$ 173,209</u>	<u>\$ 173,209</u>	<u>\$ 797,541</u>

#### September 30, 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	\$ 1,417,077	\$ 12,711,251	\$ 2,617,891	\$ 83,305	\$ 60,370
Lease liabilities	54,972	93,747	468,330	1,730,467	2,594,644
Variable interest rate liabilities	4,334,065	26,345,633	7,716,385	28,620,571	1,207,209
Fixed interest rate liabilities	<u>-</u>	<u>6,010,000</u>	<u>311,100</u>	<u>38,335,877</u>	<u>13,836,000</u>
	<u>\$ 5,806,114</u>	<u>\$ 45,160,631</u>	<u>\$ 11,113,706</u>	<u>\$ 68,770,220</u>	<u>\$ 17,698,223</u>

Additional information about the maturity analysis for lease liabilities after eliminating transactions in the Group:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 617,049	\$ 1,730,467	\$ 1,450,685	\$ 173,209	\$ 173,209	\$ 797,541

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 has 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 amounts of the transferred but unsettled bills receivable, and as of September 30, 2020, December 31, 2019 and September 30, 2019, the face amounts of these unsettled bills receivable were \$1,977,295 thousand, \$1,916,934 thousand and \$1,584,170 thousand, respectively. The unsettled bills receivable will be due in 11 months, 10 months and 8 months, after September 30, 2020, December 31, 2019 and September 30, 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 the nine months ended September 30, 2020 and 2019, the Group did not recognized 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

Related Party	Relationship with the Group
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)
Onyx Ta-Ho Environmental Services Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd. (in the process of liquidation since December 2019; liquidation was completed in the first three quarters of 2020)	Associates
Chia Huan Tung Cement Corporation (in the process of liquidation since December 2019)	Associates
Quon Hing Concrete Co., Ltd. (Quon Hing)	Associates
Prosperity Conch Cement Company Limited	Associates

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
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
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.	Management personnel in substance
Chia Hsin Cement Corporation	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.	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)	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 Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<u>Sales</u>				
Management personnel in substance	\$ 120,074	\$ 141,367	\$ 346,293	\$ 357,569
Associates	118,394	127,140	320,816	338,914
The Group acts as key management personnel	83,997	47,975	206,087	138,476
Same key management personnel	42,423	44,143	125,090	125,378
Investors with significant influence over the Group	<u>-</u>	<u>39,976</u>	<u>33,515</u>	<u>114,426</u>
	<u>\$ 364,888</u>	<u>\$ 400,601</u>	<u>\$ 1,031,801</u>	<u>\$ 1,074,763</u>
<u>Purchases of goods and operating expenses</u>				
The Group acts as key management personnel	\$ 191,381	\$ 163,614	\$ 554,713	\$ 453,275
Associates	17,603	21,736	42,125	91,150
Same key management personnel	8,695	45,696	46,405	111,278
Others	<u>9,434</u>	<u>22,088</u>	<u>51,959</u>	<u>50,949</u>
	<u>\$ 227,113</u>	<u>\$ 253,134</u>	<u>\$ 695,202</u>	<u>\$ 706,652</u>

Notes receivable and accounts receivable from related parties were as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Management personnel in substance			
Chia Hsin Cement Corporation	\$ 83,580	\$ 83,580	\$ 108,027
Others	<u>-</u>	<u>2,361</u>	<u>-</u>
	<u>83,580</u>	<u>85,941</u>	<u>108,027</u>
Associates			
Quon Hing	111,699	73,503	57,244
Others	<u>7,207</u>	<u>23,733</u>	<u>14,263</u>
	<u>118,906</u>	<u>97,236</u>	<u>71,507</u>
The Group acts as key management personnel			
China Hi-Ment Corporation	37,241	46,702	45,357
Others	<u>1,250</u>	<u>22,407</u>	<u>5,150</u>
	<u>38,491</u>	<u>69,109</u>	<u>50,507</u>
Investors with significant influence over the Group			
Goldsun Development & Construction Co., Ltd.	<u>-</u>	<u>31,978</u>	<u>41,108</u>
Same key management personnel	<u>12,593</u>	<u>15,736</u>	<u>23,371</u>
	<u>\$ 253,570</u>	<u>\$ 300,000</u>	<u>\$ 294,520</u>

Accounts payable to related parties (included in notes and accounts payable) were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
The Group acts as key management personnel	\$ 138,290	\$ 141,757	\$ 178,466
Associates	8,480	11,536	14,054
Same key management personnel	3,929	7,056	15,571
Management personnel in substance	2,895	1,328	4,064
Others	<u>-</u>	<u>739</u>	<u>-</u>
	<u>\$ 153,594</u>	<u>\$ 162,416</u>	<u>\$ 212,155</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 receivable from related parties

	September 30, 2020	December 31, 2019	September 30, 2019
The Group acts as key management personnel			
Ta-Ho Taitung Environment Co., Ltd.	\$ 341,280	\$ 341,280	\$ 341,554
Others	<u>2</u>	<u>4</u>	<u>-</u>
	341,282	341,284	341,554
Associates	2,153	46,205	751
Same key management personnel	824	1,200	359
Management personnel in substance	<u>94</u>	<u>117</u>	<u>123</u>
	<u>\$ 344,353</u>	<u>\$ 388,806</u>	<u>\$ 342,787</u>

Other receivables from related parties above included dividend receivables and interest receivables.

d. Other payables to related parties

	September 30, 2020	December 31, 2019	September 30, 2019
The Group act as key management personnel			
CTCI Corporation (Note)	\$ 390,180	\$ -	\$ -
Associates			
Yunnan Kungang & K. Wah Cement			
Construction Materials Co., Ltd.	3,846	3,875	3,913
Others	3,541	264	302
Cimpor Global Holdings B.V.	<u>-</u>	<u>227,626</u>	<u>543</u>
	7,387	231,765	4,758
Management personnel in substance	<u>348</u>	<u>3,028</u>	<u>5,459</u>
	<u>\$ 397,915</u>	<u>\$ 234,793</u>	<u>\$ 10,217</u>

Note: Including prepayments for property, plant and equipment \$371,600 thousand.

The interest expenses on the borrowings of loans from Dutch OYAK TCC Holding B.V. were \$3,854 thousand and \$23,503 thousand for the three months ended September 30, 2019 and for the nine months ended September 30, 2019, respectively, and related expenses had been repaid by September 30, 2019.

e. Acquisitions of property, plant and equipment

Related Party Category/Name	For the Nine Months Ended September 30	
	2020	2019
Subsidiary E-ONE	\$ 3,322	\$ -

f. Lease arrangements

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
<u>Acquisition of right-use assets</u>				
Management personnel in substance Linyuan Advanced Materials Technology Co., Ltd.	\$ 2,500	\$ -	\$ 2,500	\$ -
Management personnel in substance Chia Hsin Property Management and Development Corp.	39	70	39	9,831
Chia Hsin Cement Corporation	-	31,392	-	31,392
Chia Hsin R.M.C. Corp.	-	-	-	10,544
	<u>39</u>	<u>31,462</u>	<u>39</u>	<u>51,767</u>
	<u>\$ 2,539</u>	<u>\$ 31,462</u>	<u>\$ 2,539</u>	<u>\$ 51,767</u>

Line Item	Related Party Category	September 30, 2020	December 31, 2019	September 30, 2019
Lease liabilities	Management personnel in substance Chia Hsin Cement Corporation	\$ 14,532	\$ 26,240	\$ 30,106
	Chia Hsin R.M.C. Corp.	3,328	6,247	8,239
	Chia Hsin Property Management and Development Corp.	<u>2,987</u>	<u>6,690</u>	<u>7,333</u>
		<u>\$ 20,847</u>	<u>\$ 39,177</u>	<u>\$ 45,678</u>

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
<u>Interest expense</u>				
Management personnel in substance	\$ <u>112</u>	\$ <u>110</u>	\$ <u>421</u>	\$ <u>223</u>

The lease contracts between the Group and related parties were based on market price and general terms of payment.

- g. Loans to related parties (included in other receivable from related parties)

Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
Associates			
Onyx Ta-Ho Energy Recovery Co., Ltd.	\$ <u>110,000</u>	\$ <u>-</u>	\$ <u>-</u>

Interest revenue

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Associates				
Onyx Ta-Ho Energy Recovery Co., Ltd.	\$ <u>27</u>	\$ <u>-</u>	\$ <u>27</u>	\$ <u>-</u>

The interest rate of related party financing is equivalent to the market rate.

- h. Endorsements and guarantees

Endorsements and guarantees provided by the Group

	September 30, 2020	December 31, 2019	September 30, 2019
Subsidiary of associates - OYAK Cement Portugal S.A.			
Amount endorsed	\$ <u>-</u>	\$ <u>2,998,000</u>	\$ <u>3,104,000</u>
Amount utilized	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

i. Disposal of financial assets

For the nine months ended September 30, 2020

Related Party Category/Name	Line Item	Number of Shares in Thousands	Underlying Assets	Proceeds	Gain (Loss) on Disposal
The Group acts as key management personnel Rong Gong Enterprise Co.	Financial assets at FVTOCI	3,390	Stock	<u>\$ 53,969</u>	<u>\$ -</u>

j. Compensation of key management personnel

The compensation of directors and other key management personnel for the nine months ended September 30, 2020 and 2019 was as follows:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2020	2019	2020	2019
Short-term employee benefits	\$ 158,453	\$ 108,931	\$ 461,332	\$ 378,871
Post-employment benefits	1,458	1,678	4,286	4,152
Share-based payment	<u>-</u>	<u>-</u>	<u>4,808</u>	<u>826</u>
	<u>\$ 159,911</u>	<u>\$ 110,609</u>	<u>\$ 470,426</u>	<u>\$ 383,849</u>

### 32. 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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Financial assets at fair value through other comprehensive income (including current and non-current portion)	\$ 251,020	\$ 320,460	\$ 288,820
Property, plant and equipment	3,305,636	3,684,804	3,869,001
Investments accounted for using the equity method	37,908	60,730	62,954
Investment properties	857,311	861,127	865,004
Pledged bank deposits (included in financial assets measured at amortized cost)			
Current	357,938	753,007	287,703
Non-current	<u>1,551,121</u>	<u>984,716</u>	<u>890,246</u>
	<u>\$ 6,360,934</u>	<u>\$ 6,664,844</u>	<u>\$ 6,263,728</u>

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. The balances of the unused letters of credit for purchase of raw material were as follows:

Name	September 30, 2020	December 31, 2019	September 30, 2019
The Corporation	\$ 180,315	\$ 155,377	\$ 195,004
Taiwan Prosperity Chemical Corporation	874,578	1,391,129	869,472
Ho-Ping Power Company	488,436	1,142,682	838,388

- b. The amounts of letters of guarantee granted and issued by the banks for the Group are as follows:

Name	September 30, 2020	December 31, 2019	September 30, 2019
The Corporation	\$ 22,120	\$ 22,120	\$ 22,120
Ho-Ping Power Company	1,148,000	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation	151,565	144,085	304,726
TCCI (Group)	831,427	1,175,222	659,462
Taiwan Transport & Storage Corporation	28,150	28,150	28,150

- c. Ta-Ho RSEA Environment Co., Ltd.

Company Name	Ta-Ho RSEA Environment Co., Ltd.
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 September 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 of 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 dismissed 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. With respect to the above interest in dispute which shall not be included in the distribution of compensation, after consulting with the lawyer, it is decided not to dispute no longer.

(Continued)

<b>Company Name</b>	<b>Ta-Ho RSEA Environment Co., Ltd.</b>
Factual background	<p>According to the Article 10.5 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, in the event that 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 \$137,524 thousand as of December 31, 2017, and amounted to \$25,311 thousand from January 1, 2018 to September 30, 2020. The total amount is \$162,852 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 \$328 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. On April 27, 2020, the sixth hearing was held and the case is now under review.

(Concluded)

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 and 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 ruling 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 505) 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 Taiwan 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 expanded the claim amount to \$10.76 billion. The Taiwan Taipei District Court dismissed the plaintiff's complaint on October 30, 2019 and Taiwan Power Company filed a subsequent appeal which was accepted by the Taiwan High Court. The appeal was later revoked by Taiwan Power Company in June 2020, and the case was concluded.</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 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\$23,380 thousand was paid as of the issuance date of this report.
- f. The board of directors of TCC (Hangzhou) Environment Co., Ltd. has resolved to outsource the construction cost of RMB128,000 thousand on November 12, 2019, and signed the contract on November 22, 2019. As of September 30, 2020, 99.81% of the construction has been completed.
- g. 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 September 30, 2020, 28.3% of the construction has been completed.
- h. The boards of directors of subsidiaries, Jingyang Industrial Limited and Jiangsu TCC Investment Co., Ltd. resolved on June 17, 2020 to co-invest in Jurong TCC Environmental Co., Ltd. to implement TCC group's environmental protection concept of circular economy and utilize the inherent advantages of cement kilns to co-process fly ash to complete zero-pollution, resource-based and harmless disposal of waste incineration. The total investment amount is expected to be RMB150 million. As of the issuance date of this report, the amount of RMB117,750 thousand has been invested and the establishment registration has been completed.

- i. 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 September 30, 2020, 32% of the construction had been completed.
- j. 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.
- k. 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.
- l. 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.

### 34. 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.

### 35. 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:

September 30, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 59,609	29.100 (USD:NTD)	\$ 1,734,622
USD	69,017	7.750 (USD:HKD)	2,007,943
Non-monetary items			
USD	57,648	29.100 (USD:NTD)	1,677,555
EUR	811,588	34.150 (EUR:NTD)	27,715,733
<u>Financial liabilities</u>			
Monetary items			
USD	51,435	29.100 (USD:NTD)	1,496,764
USD	274,991	7.750 (USD:HKD)	8,000,451

December 31, 2019

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

September 30, 2019

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 135,343	31.040 (USD:NTD)	\$ 4,201,047
USD	39,211	7.127 (USD:RMB)	1,216,758
HKD	5,651,704	0.909 (HKD:RMB)	892,384
Non-monetary items			
USD	57,263	31.040 (USD:NTD)	1,777,450
EUR	825,994	33.950 (EUR:NTD)	28,042,511
<u>Financial liabilities</u>			
Monetary items			
USD	48,049	31.040 (USD:NTD)	1,491,431
USD	219,801	7.840 (USD:HKD)	6,820,591
HKD	349,587	0.909 (HKD:RMB)	1,383,667

For the three months ended September 30, 2020 and 2019 and the nine months ended September 30, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were \$(15,482) thousand, \$(41,007) thousand, \$13,374 thousand and \$48,914 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

### 36. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, 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) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the share capital (None)
- 6) Disposal 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 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
- 9) Trading in derivative instruments (Notes 7, 20 and 30)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)
- 11) Information on investees (Table 7)

#### b. Information on investments in mainland China (Table 8)

- 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 period balance, 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 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)

### 37. 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 and renewable energy generation.
- d. Other segments - land and marine transportation.
  - production and sale of refractory materials.
  - others.

The Corporation 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.

#### Segment revenue and results

	<b>Segment Revenue</b>		<b>Segment Income</b>	
	<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Cement segment	\$ 62,081,951	\$ 66,266,188	\$ 14,583,551	\$ 15,904,274
Chemical engineering segment	5,814,745	8,175,324	(449,018)	(774,786)
Electricity segment	11,651,656	10,324,868	8,436,939	5,587,732
Other segments	<u>2,700,136</u>	<u>2,795,498</u>	<u>445,109</u>	<u>338,438</u>
	<u>\$ 82,248,488</u>	<u>\$ 87,561,878</u>	23,016,581	21,055,658
Share of profit of associates and joint ventures			2,133,067	1,802,135
Dividend income			1,564,833	1,452,262
Interest income			993,550	633,818
Net gain (loss) on disposal of property			(58,511)	107,208
Finance costs			(1,513,668)	(1,658,926)
Foreign exchange gains, net			13,374	48,914

(Continued)

	<b>Segment Revenue</b>		<b>Segment Income</b>	
	<b>For the Nine Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Administrative expenses and directors' remuneration			\$ (179,765)	\$ (161,316)
Net gain (loss) on financial assets and liabilities at fair value through profit and loss			(2,536)	146,924
Other income and expenses, net			<u>250,531</u>	<u>432,681</u>
Income before tax			<u>\$ 26,217,456</u>	<u>\$ 23,859,358</u>
				(Concluded)

Segment profit represented profit before tax earned by each segment without an allocation of central administrative expenses, directors' remuneration, the share of profit of associates and joint ventures accounted for using the equity method, dividend income, interest income, net gain (loss) on disposal of property, plant and equipment, finance costs, net foreign exchange gains, net gain (loss) on assets and liabilities at fair value through profit and loss and income tax expense.

**TABLE 1**

**TAIWAN CEMENT CORPORATION AND SUBSIDIARIES**

**FINANCINGS PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	Other receivables from related parties	Yes	\$ 100,000	\$ 100,000	\$ 100,000	1.46	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 937,844	\$ 937,844	
		TCC Chemical Corporation	Other receivables from related parties	Yes	300,000	300,000	300,000	1.46	The need for short-term financing	-	Operating capital	-		-	937,844	937,844	
2	TCC Investment Corporation	Jin Chang Minerals Corporation	Other receivables from related parties	Yes	330,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,780,671	1,780,671	
		Onyx Ta-Ho Energy Recovery Co., Ltd.	Other receivables from related parties	Yes	110,000	110,000	110,000	1.50	The need for short-term financing	-	Operating capital	-		-	1,780,671	1,780,671	
3	Taiwan Cement Engineering Corporation	TCC Chemical Corporation	Other receivables from related parties	Yes	200,000	200,000	200,000	1.26	The need for short-term financing	-	Operating capital	-		-	300,323	300,323	
4	TCC Development Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	284,554	274,042	274,042	1.10	The need for short-term financing	-	Operating capital	-		-	628,349	628,349	
5	TCC International Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	3,630,000	3,492,000	-	-	The need for short-term financing	-	Operating capital	-		-	101,156,304	202,312,608	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	870,240	855,912	-	-	The need for short-term financing	-	Operating capital	-		-	14,812,901	29,625,803	
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	992,074	975,740	975,740	3.05	The need for short-term financing	-	Operating capital	-		-	14,812,901	29,625,803	
		TCC (Guigang) Cement Ltd.	Other receivables from related parties	Yes	2,995,692	2,995,692	2,995,692	3.05	The need for short-term financing	-	Operating capital	-		-	14,812,901	29,625,803	
7	TCC (Guigang) Cement Ltd.	Scitus Luzhou Cement Co., Ltd	Other receivables from related parties	Yes	1,218,336	1,198,277	-	-	The need for short-term financing	-	Operating capital	-		-	24,794,073	49,588,146	
		Scitus Naxi Cement Co., Ltd	Other receivables from related parties	Yes	435,120	427,956	-	-	The need for short-term financing	-	Operating capital	-		-	24,794,073	49,588,146	
		TCC Yungde Cement Co., Ltd	Other receivables from related parties	Yes	435,120	427,956	-	-	The need for short-term financing	-	Operating capital	-		-	24,794,073	49,588,146	
		Scitus Luzhou Concrete Co., Ltd	Other receivables from related parties	Yes	87,024	85,591	-	-	The need for short-term financing	-	Operating capital	-		-	24,794,073	49,588,146	
		TCC Huaying Cement Company Limited	Other receivables from related parties	Yes	1,253,146	1,232,513	-	-	The need for short-term financing	-	Operating capital	-		-	24,794,073	49,588,146	
		TCC Anshun Cement Company Limited	Other receivables from related parties	Yes	435,120	427,956	-	-	The need for short-term financing	-	Operating capital	-		-	24,794,073	49,588,146	
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	870,240	855,912	-	-	The need for short-term financing	-	Operating capital	-		-	24,794,073	49,588,146	
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	652,680	641,943	-	-	The need for short-term financing	-	Operating capital	-		-	24,794,073	49,588,146	
		TCC Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	282,828	278,171	-	-	The need for short-term financing	-	Operating capital	-		-	24,794,073	49,588,146	
		TCC (Hangzhou) Recycle Resource Technology Limited	Other receivables from related parties	Yes	42,796	42,796	2,140	3.48	The need for short-term financing	-	Operating capital	-		-	24,794,073	49,588,146	
		Guigang TCC DongYuan Environmental Technology Company Limited	Other receivables from related parties	Yes	130,334	128,387	128,387	3.48	The need for short-term financing	-	Operating capital	-		-	9,917,629	9,917,629	

(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			
8	TCC Yingde Cement Co., Ltd.	TCC Shaoguan Cement Co., Limited	Other receivables from related parties	Yes	\$ 539,942	\$ 531,052	\$ 529,790	3.48	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 24,507,149	\$ 49,014,297	
		TCC (Dong Guan) Cement Co., Limited	Other receivables from related parties	Yes	435,120	427,956	-	-	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		TCC Anshun Cement Co., Limited	Other receivables from related parties	Yes	870,240	855,912	-	-	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		TCC Guangan Cement Company Ltd.	Other receivables from related parties	Yes	870,240	855,912	-	-	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	870,240	855,912	513,547	3.48	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	217,560	213,978	-	-	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		TCC Chongqing Cement Company Limited	Other receivables from related parties	Yes	435,120	427,956	-	-	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		Guizhou Kaili ui An Jian Cai Co., Ltd	Other receivables from related parties	Yes	652,680	641,934	-	-	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	783,216	770,321	-	-	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		Scitus Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	217,560	213,978	-	-	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		TCC Guizhou Kong On Cement Company Limited.	Other receivables from related parties	Yes	435,120	427,956	42,796	3.48	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	217,560	213,978	213,978	3.48	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		Beijing TCC Environment Technology Co., Ltd.	Other receivables from related parties	Yes	87,024	85,591	17,118	3.48	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
		TCC (Hangzhou) Environment Technology Limited	Other receivables from related parties	Yes	2,071,307	2,071,307	2,071,307	3.48	The need for short-term financing	-	Operating capital	-		-	24,507,149	49,014,297	
9	TCC Fuzhou Cement Co., Ltd.	TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	304,584	299,569	85,591	3.48	The need for short-term financing	-	Operating capital	-		-	920,580	2,761,741	
		TCC New (Hangzhou) Management Company Limited	Other receivables from related parties	Yes	435,120	427,956	-	-	The need for short-term financing	-	Operating capital	-		-	920,580	2,761,741	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	217,560	213,978	-	-	The need for short-term financing	-	Operating capital	-		-	920,580	2,761,741	
10	TCC International Holdings Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	239,122	208,348	208,348	-	The need for short-term financing	-	Operating capital	-		-	125,692,607	251,385,215	
11	Prime York Ltd.	Upper Value Investment Limited	Other receivables from related parties	Yes	198,798	191,454	191,454	-	The need for short-term financing	-	Operating capital	-		-	2,941,661	5,883,322	
12	Jurong TCC Cement Co., Ltd.	TCC Anshun Cement Company Limited	Other receivables from related parties	Yes	870,240	855,912	-	-	The need for short-term financing	-	Operating capital	-		-	13,933,006	27,866,011	
		TCC Chongqing Cement Co., Ltd.	Other receivables from related parties	Yes	870,240	855,912	-	-	The need for short-term financing	-	Operating capital	-		-	13,933,006	27,866,011	
		TCC Guangan Cement Company Ltd.	Other receivables from related parties	Yes	435,120	427,956	-	-	The need for short-term financing	-	Operating capital	-		-	13,933,006	27,866,011	
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	304,584	299,569	299,569	3.48	The need for short-term financing	-	Operating capital	-		-	13,933,006	27,866,011	
		TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	435,120	427,956	-	-	The need for short-term financing	-	Operating capital	-		-	13,933,006	27,866,011	
		Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	652,680	641,934	-	-	The need for short-term financing	-	Operating capital	-		-	13,933,006	27,866,011	
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	1,305,360	1,283,868	333,806	3.48	The need for short-term financing	-	Operating capital	-		-	13,933,006	27,866,011	
		TCC Huaihua Concrete Company Limited	Other receivables from related parties	Yes	130,536	128,387	42,796	3.48	The need for short-term financing	-	Operating capital	-		-	13,933,006	27,866,011	
		Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	304,584	299,569	94,150	3.48	The need for short-term financing	-	Operating capital	-		-	13,933,006	27,866,011	

(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			
13	TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Other receivables from related parties	Yes	\$ 87,024	\$ 85,591	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 7,259,280	\$ 14,518,559	
		Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	261,072	256,774	235,376	3.48	The need for short-term financing	-	Operating capital	-		-	7,259,280	14,518,559	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables from related parties	Yes	130,536	128,387	-	-	The need for short-term financing	-	Operating capital	-		-	7,259,280	14,518,559	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	130,536	128,387	-	-	The need for short-term financing	-	Operating capital	-		-	7,259,280	14,518,559	
		Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	130,536	128,387	-	-	The need for short-term financing	-	Operating capital	-		-	7,259,280	14,518,559	
		TCC Chongqing Cement Company Limited	Other receivables from related parties	Yes	870,240	855,912	-	-	The need for short-term financing	-	Operating capital	-		-	7,259,280	14,518,559	
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	652,680	641,934	256,774	3.48	The need for short-term financing	-	Operating capital	-		-	7,259,280	14,518,559	
14	TCC Guangan Cement Company Ltd.	TCC Huaying Cement Company Limited	Other receivables from related parties	Yes	435,120	427,956	-	-	The need for short-term financing	-	Operating capital	-		-	4,625,126	9,250,252	
		Scitus Luzhou Cement Co., Ltd	Other receivables from related parties	Yes	130,536	128,387	-	-	The need for short-term financing	-	Operating capital	-		-	4,625,126	9,250,252	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	87,024	85,591	-	-	The need for short-term financing	-	Operating capital	-		-	4,625,126	9,250,252	
15	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	61,128	58,870	58,870	-	The need for short-term financing	-	Operating capital	-		-	3,678,248	7,356,496	
16	TCC Chongqing Cement Company Limited	TCC Guangan Cement Company Ltd.	Other receivables from related parties	Yes	435,120	427,956	-	-	The need for short-term financing	-	Operating capital	-		-	7,957,368	15,914,736	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	217,560	213,978	-	-	The need for short-term financing	-	Operating capital	-		-	7,957,368	15,914,736	
		Scitus Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	130,536	128,387	-	-	The need for short-term financing	-	Operating capital	-		-	7,957,368	15,914,736	
		Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	217,560	213,978	-	-	The need for short-term financing	-	Operating capital	-		-	7,957,368	15,914,736	
		TCC Huaying Cement Company Limited	Other receivables from related parties	Yes	108,780	106,989	-	-	The need for short-term financing	-	Operating capital	-		-	7,957,368	15,914,736	
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	652,680	641,934	525,958	3.48	The need for short-term financing	-	Operating capital	-		-	7,957,368	15,914,736	
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	87,024	85,591	-	-	The need for short-term financing	-	Operating capital	-		-	7,957,368	15,914,736	
		Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	130,536	128,387	-	-	The need for short-term financing	-	Operating capital	-		-	7,957,368	15,914,736	
17	TCC New (Hangzhou) Management Company Limited	Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	269,774	265,333	-	-	The need for short-term financing	-	Operating capital	-		-	506,776	1,013,553	
		Scitus Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	239,316	235,376	188,301	3.48	The need for short-term financing	-	Operating capital	-		-	506,776	1,013,553	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables from related parties	Yes	34,810	34,236	-	-	The need for short-term financing	-	Operating capital	-		-	506,776	1,013,553	
18	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Company Limited	Other receivables from related parties	Yes	346,994	341,281	298,485	-	The need for short-term financing	-	Operating capital	-		-	911,080	1,822,160	
19	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	Other receivables from related parties	Yes	130,536	128,387	-	-	The need for short-term financing	-	Operating capital	-		-	603,214	1,206,428	
20	Hong Kong Cement Co., Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	501,122	482,071	482,071	0.58	The need for short-term financing	-	Operating capital	-		-	855,125	1,710,251	
21	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Scitus Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	130,536	128,387	-	-	The need for short-term financing	-	Operating capital	-		-	3,630,216	7,260,433	
		Kaili TCC Environment Technology Co., Ltd.	Other receivables from related parties	Yes	174,048	171,182	42,796	3.48	The need for short-term financing	-	Operating capital	-		-	3,630,216	7,260,433	

(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			
22	Union Cement Traders Inc.	Jin Chang Minerals Corporation	Other receivables from related parties	Yes	\$ 300,000	\$ 300,000	\$ 300,000	1.49	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 342,671	\$ 342,671	
23	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	87,024	85,591	-	-	The need for short-term financing	-	Operating capital	-		-	2,808,621	5,617,242	
24	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	87,024	85,591	-	-	The need for short-term financing	-	Operating capital	-		-	2,803,783	5,607,566	

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 were the total transaction amounts 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 Fuzhou Cement Co., Ltd. were 300% 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.

Note 2: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

**TABLE 2**

**TAIWAN CEMENT CORPORATION AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars)**

No.	Endorser/Guarantor	Endorsee/Guarantee		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.	b	\$ 96,701,299	\$ 1,420,000	\$ 1,420,000	\$ 1,010,000	\$ -	0.73	\$ 193,402,598	Yes	No	No	
		TCC Investment Corporation	b	96,701,299	2,570,000	2,570,000	1,500,000	-	1.33	193,402,598	Yes	No	No	
		TCC Chemical Corporation	b	96,701,299	1,499,117	1,499,117	621,117	-	0.78	193,402,598	Yes	No	No	
		Jin Chang Minerals Corporation	b	96,701,299	68,848	68,848	39,814	39,814	0.04	193,402,598	Yes	No	No	
		Ho Sheng Mining Co., Ltd.	b	96,701,299	99,884	99,884	99,884	99,884	0.05	193,402,598	Yes	No	No	
		TCCI	b	96,701,299	28,465,250	6,431,000	669,300	-	3.33	193,402,598	Yes	No	No	
		OYAK CEMENT PORTUGAL S.A.	f	96,701,299	3,025,000	-	-	-	-	193,402,598	No	No	No	
1	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	c	711,398	137,462	137,462	137,462	-	57.97	711,398	No	Yes	No	
2	TCC Green Energy Corporation	TCC Chemical Corporation	a	3,112,879	6,117	6,117	6,117	-	0.20	3,112,879	No	No	No	
3	TCCIH	TCC Yingde Cement Co., Ltd.	b	62,846,304	2,277,882	2,235,634	-	-	1.78	125,692,607	Yes	No	Yes	
		Jurong TCC Cement Co., Ltd.	b	62,846,304	2,811,524	2,048,650	-	-	1.63	125,692,607	Yes	No	Yes	
		TCC Fuzhou Cement Co., Ltd.	b	62,846,304	1,159,355	1,134,930	-	-	0.90	125,692,607	Yes	No	Yes	
		TCC Liaoning Cement Company Limited	b	62,846,304	879,105	860,184	-	-	0.68	125,692,607	Yes	No	Yes	
		TCC (Guigang) Cement Ltd.	b	62,846,304	8,405,887	7,365,037	-	-	5.86	125,692,607	Yes	No	Yes	
		TCC Chongqing Cement Co., Ltd.	b	62,846,304	1,794,258	1,748,601	-	-	1.39	125,692,607	Yes	No	Yes	
		Guizhou Kong On Cement Company Limited	b	62,846,304	305,525	293,910	-	-	0.23	125,692,607	Yes	No	Yes	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	b	62,846,304	603,800	291,000	-	-	0.23	125,692,607	Yes	No	Yes	
		TCC Guangan Cement Company Ltd.	b	62,846,304	304,114	299,569	-	-	0.24	125,692,607	Yes	No	Yes	
		TCC Anshun Cement Company Limited	b	62,846,304	652,680	641,934	-	-	0.51	125,692,607	Yes	No	Yes	
		TCC Huaihua Cement Company Limited	b	62,846,304	826,728	813,116	-	-	0.65	125,692,607	Yes	No	Yes	
		TCC Jingzhou Cement Company Limited	b	62,846,304	260,669	256,774	-	-	0.20	125,692,607	Yes	No	Yes	

Note 1: Limits on endorsement/guarantee given on behalf of each party were as follows:

- a.
  - i. For endorsement/guarantee 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 endorsement/guarantee 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 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 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.

TABLE 3

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	<u>Ordinary shares</u>							
	Chien Kuo Construction Co., Ltd.	-	FVTPL - current	7,522	\$ 89,138	-	\$ 89,138	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	101,117	-	101,117	
	Chinatrust Financial Holding Co., Ltd.	-	FVTPL - current	3,576	65,791	-	65,791	
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	30,196	1,340,710	-	1,340,710	
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	63,865	817,467	-	817,467	
	CTCI Corporation	The Corporation serves as director	FVTOCI - current	9,054	353,572	-	353,572	
	Chia Hsin Cement Corporation	Directors	FVTOCI - current	27,419	430,485	-	430,485	
	O-Bank	The Corporation serves as director	FVTOCI - current	29,719	199,712	-	199,712	
	IBT II Venture Capital Corporation	-	FVTOCI - non-current	2,626	14,510	8.3	14,510	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	29,553	1,182,399	9.4	1,182,399	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	6,204	8,996	5.4	8,996	
	Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	49,730	4,619,452	6.6	4,619,452	
	Excel Corporation	-	FVTOCI - non-current	600	-	9.5	-	
	<u>Convertible preference shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	2,956	30,002	-	30,002	
Taiwan Transport & Storage Corporation	<u>Ordinary shares</u>							
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,632	135,515	-	135,515	
TCC Investment Corporation	<u>Ordinary shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	21,934	147,396	-	147,396	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	12,217	156,375	-	156,375	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,334	130,843	-	130,843	7,000 thousand shares were pledged
	China Conch Venture Holdings Limited	-	FVTOCI - non-current	28,000	3,773,521	-	3,773,521	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,884	435,463	3.5	435,463	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	1	14	-	14	
	<u>Convertible preference shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	2,182	22,143	-	22,143	
Ta-Ho Maritime Corporation	<u>Ordinary shares</u>							
	Prosperity Dielectrics Co., Ltd.	-	FVTPL - current	951	50,318	-	50,318	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	404,452	-	404,452	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	6,612	264,533	2.1	264,533	
TCC Chemical Corporation	<u>Ordinary shares</u>							
	Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,757	256,091	-	256,091	
Hoping Industrial Port Corporation	<u>Ordinary shares</u>							
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	417,853	3.3	417,853	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E.G.C. Cement Corporation	<u>Ordinary shares</u> Feng Yu United Engineering Company	-	FVTPL - current	97	\$ -	0.1	\$ -	
Union Cement Traders Inc.	<u>Ordinary shares</u> Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	28,212	361,108	-	361,108	
	CTCI Corporation	The Corporation serves as director	FVTOCI - current	13,365	521,916	-	521,916	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	7,441	116,823	-	116,823	
	Videoland Inc.	-	FVTOCI - non-current	6,437	199,626	5.6	199,626	
TCCI (Group)	<u>Ordinary shares</u> Anhui Conch Cement Co., Ltd.	-	FVTOCI - non-current	116,568	23,323,881	-	23,323,881	
	Yargoan Co., Ltd.	-	FVTOCI - non-current	19	-	12.5	-	

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:   Refer to Tables 7 and 8 for the information on investments in subsidiaries, associates and joint ventures.

(Concluded)

**TABLE 4****TAIWAN CEMENT CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustment	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain on Disposal		Shares	Amount
Taiwan Cement Corporation	<u>Shares</u> Taiwan Prosperity Chemical Corporation	Investments accounted for using the equity method	-	Subsidiary	116,791	\$ 658,209	41,053	\$ 738,955	-	\$ -	\$ -	\$ -	\$ (745,248) (Note 3)	93,857 (Note 4)	\$ 651,736 (Note 5)
Taiwan Prosperity Chemical Corporation	Taishin Financial Holding Co., Ltd.	FVTOCI - current	-	-	78,462	1,137,697	-	-	78,462	1,003,813	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	-	Subsidiary	-	-	-	865,517	-	-	-	-	2,228,167 (Note 3)	-	3,093,684 (Note 5)
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Investments accounted for using the equity method	-	Subsidiary	-	1,409,887	-	583,390	-	-	-	-	68,194 (Note 3)	-	2,061,471 (Note 5)
TCC (Guigang) Cement Ltd.	TCC (Hangzhou) Recycle Resource Technology Limited	Investments accounted for using the equity method	-	Subsidiary	-	-	-	419,100	-	-	-	-	9,941 (Note 3)	-	429,041 (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.

**TABLE 5**

**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 NINE MONTHS ENDED SEPTEMBER 30, 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 Sheng Enterprise Company	Subsidiary	Sales	\$ (322,765)	(2)	30 days	\$ -	-	\$ 102,863	19	Note 2
			Purchases	158,892	1	30 days	-	-	(12,594)	(2)	Note 2
	TCCIH	Subsidiary	Service revenue	(326,074)	(2)	By contract	-	-	36,004	7	Note 2
	HKCCL	Subsidiary	Sales	(320,530)	(2)	65 days after the end of the day when shipment was made	-	-	86,472	16	Note 2
	E.G.C. Cement Corporation	Subsidiary	Sales	(351,113)	(2)	50 days after the end of the day when delivery was made	-	-	131,404	24	Note 2
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	479,058	4	30 days	-	-	(69,453)	(12)	Note 2
	Hoping Industrial Port Corporation	Subsidiary	Purchases	383,146	3	20 days	-	-	(35,834)	(6)	Note 2
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	1,075,269	8	30 days	-	-	(195,003)	(34)	Note 2
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	517,235	4	30 days	-	-	(65,613)	(11)	Note 2
	Jin Chang Minerals Corporation	Subsidiary	Purchases	173,681	1	30 days	-	-	-	-	Note 2
	Chia Hsin Cement Corporation	Director of the Corporation	Sales	(344,270)	(2)	65 days after the end of the day when delivery was made	-	-	83,580	15	
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	171,493	1	By contract	-	-	(42,222)	(7)	Note 2
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	554,713	4	60 days	-	-	(138,290)	(24)	
			Sales	(108,794)	(1)	60 days			34,184	6	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	917,554	24	20 days	-	-	(81,170)	(15)	Note 2
	HPC Power Service Corporation	The same parent company	Purchases	344,220	9	By contract	-	-	(78,273)	(14)	Note 2
Hoping Industrial Port Corporation	Taiwan Cement Corporation	Parent company	Sales	(383,146)	(28)	20 days	-	-	35834	30	Note 2
	Ho-Ping Power Company	The same parent company	Sales	(917,554)	(68)	20 days	-	-	81,170	68	Note 2
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	164,563	81	30 days	-	-	(18,572)	(85)	Note 2
Feng Sheng Enterprise Company	Taiwan Cement Corporation	Parent company	Purchases	322,765	16	30 days	-	-	(102,863)	(100)	Note 2
			Sales	(158,892)	(7)	30 days	-	-	12,594	100	Note 2
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(479,058)	(43)	30 days	-	-	69,453	58	Note 2
	Hoping Industrial Port Corporation	The same parent company	Sales	(164,563)	(15)	30 days	-	-	18,572	16	Note 2
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(128,146)	(12)	30 days	-	-	20,131	17	Note 2
	Linyuan Advanced Materials Technology. Co., Ltd	The same chairman	Sales	(100,303)	(9)	30 days	-	-	12,398	10	Note 2
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Sales	(1,075,269)	(56)	30 days	-	-	195,003	99	Note 2
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	326,074	100	By contract	-	-	(36,004)	(100)	Note 2
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(517,235)	(95)	30 days	-	-	65,613	100	Note 2
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(344,220)	(100)	By contract	-	-	78,273	100	Note 2
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(402,306)	(93)	By negotiation	-	-	142,010	100	Note 2

(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 1)	
Guigang Da-Ho Shipping Co., Ltd.	TCC Yingde Cement Co., Ltd. TCC (Guigang) Cement Ltd.	The same ultimate parent company The same ultimate parent company	Freight revenue	\$ (205,758)	(24)	By negotiation	\$ -	-	\$ 68,539	30	Note 2
			Freight revenue	(335,193)	(40)	By negotiation	-	-	154564	68	Note 2
TCC (Guigang) Cement Ltd.	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	402,306	8	By negotiation	-	-	(142,010)	(4)	Note 2
	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	335,193	7	By negotiation	-	-	(154,564)	(4)	Note 2
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	205,758	4	By negotiation	-	-	(68,539)	(2)	Note 2
HKCCL	Taiwan Cement Corporation	Parent company	Purchases	320,530	86	65 days after the end of the day when shipment was made	-	-	(86,472)	(94)	Note 2
	Quon Hing Concrete Co., Ltd.	Associates	Sales	(204,093)	(40)	By negotiation	-	-	111,699	100	
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	351,113	100	50 days after the end of the day when delivery was made	-	-	(131,404)	(100)	Note 2
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(173,681)	(100)	30 days	-	-	-	-	Note 2
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(171,493)	(20)	By contract	-	-	42,222	100	Note 2

Note 1: The percentage to total accounts receivable from (payable to) related parties.

Note 2: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

**TABLE 6**

**TAIWAN CEMENT CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL  
SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars)**

Related Party	Company Name	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note 2)	Parent company	\$ 195,003	6.2	\$ -	-	\$ 79,174	\$ -
Taiwan Cement Corporation	E.G.C. Cement Corporation (Note 2)	Subsidiary	131,404	4.0	-	-	44,514	-
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd. (Note 2)	The same ultimate parent company	142,010	3.9	-	-	60,339	-
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd. (Note 2)	The same ultimate parent company	154,564	2.7	-	-	79,883	-
Taiwan Cement Corporation	Feng Sheng Enterprise Company (Note 2)	Parent company	102,863	3.8	-	-	32,483	-
HKCCL	Quon HIN Concrete Co., Ltd	Associates	111,699	2.9	-	-	25,705	-
Taiwan Cement Corporation	Ta-Ho Taitung Environment Co., Ltd.	Parent company has significant influence	341,280	(Note 1)	-	-	-	-

Note 1: At the end of 2019, Ta-Ho Taitung Environment Co., Ltd. completed liquidation, and other receivables from related parties is listed in other current assets.

Note 2: All intercompany transactions have been eliminated upon consolidation.

TABLE 7

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2020	December 31, 2019	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 33,774,761	\$ 33,774,761	1,100,876	100.00	\$ 109,007,860	\$ 7,906,042	\$ 7,906,042	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	805,940	59.50	17,580,220	6,093,086	3,625,386	Note
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,588,182	653,472	653,452	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	143,566	64.79	2,572,216	338,004	218,984	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	1,731,127	992,173	93,857	71.10	651,736	(594,512)	(247,302)	Note
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	40,541	83.85	1,906,856	163,191	136,829	Note
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	117,400	100.00	4,416,872	157,173	157,173	Note
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining excavation	1,414,358	1,414,358	30,100	100.00	1,336,903	155,470	155,470	Note
	CCC USA Corporation	U.S.A.	Rubber raw materials	1,284,421	1,284,421	79	33.33	1,670,873	(9,362)	(3,121)	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,599	319,439	59,606	99.07	720,013	4,250	5,245	Note
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	30,176	50.00	769,983	615,914	307,957	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	471,237	92,520	88,162	Note
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	378,005	103,530	47,038	Note
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	1,510,842	240,000	100.00	1,358,868	64,996	82,401	Note
	Ta-Ho Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	-	-	-	-	-	Liquidation process was in progress
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	245,852	9,720	9,657	Note
	Ta-Ho RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	39,960	66.60	190,453	(5,098)	(3,395)	Note
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	414,745	55,680	47,135	Note
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	3,146,046	3,146,046	320,899	100.00	3,139,836	(24,196)	(24,196)	Note
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	5400	100.00	183,750	5,135	5,135	Note
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	90,024	146,933	88,160	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	114,414	26,644	13,494	Note
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,682	11	3	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,280	(31)	(31)	Note
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	Note
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	Note
	TCCIH	Cayman Islands	Investment holding	40,701,671	40,701,671	2,581,832	38.28	53,404,505	11,421,336	4,372,087	Note
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	3,563,397	3,563,397	153,477	15.59	4,973,070	235,524	58,538	
	Taiwan Cement Dutch	Netherlands	Investment holding	29,695,730	29,470,972	838	100.00	28,048,898	460,944	460,944	Note
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	1,190,225	1,190,225	117,364	18.19	1,251,806	(209,038)	(38,031)	
	TCCMOLI	Singapore	Investment holding	1,239	1,239	30	100.00	600	(94)	(94)	Note
	Sustainable Energy Investment Corporation	Taiwan	Investment holding	1,000	-	100	100.00	1,000	-	-	Note
	TCC Energy Storage Technology Corporation	Taiwan	Energy storage equipment manufacturing production and sales	1,000	-	100	100.00	1,000	-	-	Note
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	301,524	301,524	64,720	29.21	1,159,558	338,004	98,178	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	136,476	7,857	49.36	140,883	26,644	13,151	Note
	Tai-Jie Transport & Storage Corporation	Taiwan	Transportation	25,000	25,000	2,500	100.00	32,405	6,531	6,531	Note

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2020	December 31, 2019	Shares/Units (In Thousands)	%	Carrying Amount			
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	\$ 219,450	\$ 219,450	24,500	100.00	\$ 712,035	\$ 36,698	\$ 36,698	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	6,773	0.50	144,266	6,093,086	30,466	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	10,528	298	0.23	2,066	(594,512)	(1,340)	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	42	0.02	744	338,004	63	Note
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	388,079	388,079	22,009	2.23	706,762	235,524	8,395	
	TCC Recycle Energy Tachnology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	312,833	312,833	31,860	4.94	208,690	(209,038)	(10,324)	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	561,630	325,995	19,300	100.00	4,627,468	204,505	204,505	Note
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	49,377	629	629	Note
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	49,882	49,882	2,055	0.21	66,049	235,534	785	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	3,018	2.29	20,956	(594,512)	(13,592)	Note
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	112,898	112,898	11,696	1.81	76,610	(209,038)	(3,789)	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	324	0.67	15,251	163,191	1,094	Note
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	298,046	298,046	30,703	4.76	201,113	(209,038)	(9,949)	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	281,806	281,806	11,464	1.16	368,360	235,524	4,372	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Taiwan	Renewable energy generation	1,000	1,000	100	100.00	998	-	-	Note
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation	Taiwan	Renewable energy generation	1,002,000	752,000	100,200	100.00	940,710	(18,057)	(18,057)	Note
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	25,000	2,500	100.00	22,330	(242)	(242)	Note
	TCC Lien-Shen Green Energy Corporation	Taiwan	Renewable energy generation	12,000	12,000	1,200	100.00	9,058	(32)	(32)	Note
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	5,000	500	100.00	2,427	(29)	(29)	Note
	TCC Kao-Cheng Green Energy Corporation	Taiwan	Renewable energy generation	82,000	12,000	8,200	100.00	81,619	1,718	1,718	Note
	TCC Nan-Chung Green Energy Corporation	Taiwan	Renewable energy generation	170,000	170,000	17,000	100.00	167,948	206	206	Note
	Chang-Wang Wind Power Co, Ltd.	Taiwan	Renewable energy generation	720,000	720,000	72,000	100.00	651,742	(20,800)	(20,800)	Note
	TCC Ping-Chih Green Energy Corporation	Taiwan	Renewable energy generation	2,000	2,000	200	100.00	1,924	(31)	(31)	Note
	Chia-Ho Green Energy Corporation	Taiwan	Renewable energy generation	50,000	-	5,000	100.00	49,841	(159)	(159)	Note
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	1,143,921	908,694	39,310	100.00	3,749,477	121,773	121,773	Note
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	148,410	152,898	5,100	100.00	796,642	82,861	82,861	Note
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	2,910	2,998	100	100.00	70,684	-	-	Note
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	167,019	171,246	100	50.00	125,671	(61,162)	(30,581)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	25,610	26,258	129	31.50	149,810	(81,996)	(25,829)	
Taiwan Cement Dutch	Cimpor Global Holdings B.V.	Netherlands	Holding company	27,602,689	29,380,273	100	40.00	27,715,733	1,381,359	482,338	

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 8

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars)

A.

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 September 30, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of September 30, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of September 30, 2020	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd. (Note 8)	Manufacturing and sale of cement	\$ 436,500	(b)	\$ 148,410	\$ -	\$ -	\$ 148,410	\$ -	-	\$ -	\$ -	\$ -	Note 6
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	472,875	(b)	267,174	-	-	267,174	(34,281)	100.00	(34,281)	902,566	-	Note 6
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facilities	145,500	(b)	82,208	-	-	82,208	(4,679)	100.00	(4,679)	260,157	-	Note 6
TCC Liuzhou Construction Materials Company Limited	Manufacturing and sale of slag powder	392,850	(b)	94,284	-	-	94,284	82,634	42.00	34,706	376,176	-	Note 6
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,403,040	(b)	4,625,765	-	-	4,625,765	3,404,655	100.00	3,404,655	28,341,001	-	Note 6
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	6,780,300	(b)	3,957,455	-	-	3,957,455	1,341,178	100.00	1,279,641	17,538,070	-	Note 6
TCC (Guangan) Cement Ltd.	Manufacturing and sale of cement	9,686,689	(b)	6,928,707	-	-	6,928,707	2,547,006	100.00	2,546,372	27,712,189	-	Note 6
Jiangsu TCC Investment Co., Ltd.	Investment holding	1,455,000	(b)	822,075	-	-	822,075	287,817	100.00	287,817	4,062,281	-	Note 6
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,827,602	(b)	3,161,224	-	-	3,161,224	1,851,121	100.00	1,851,121	16,931,896	-	Note 6
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,583,799	(b)	1,297,322	-	-	1,297,322	51,378	100.00	51,378	1,685,872	-	Note 6
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,466,559	(b)	3,254,136	-	-	3,254,136	109,860	100.00	109,860	7,498,139	-	Note 6
TCC Chongqing Cement Co., Ltd.	Manufacturing and sale of cement	3,433,800	(b)	2,482,851	-	-	2,482,851	833,986	100.00	833,986	8,935,309	-	Note 6
TCC Guangan Cement Company Ltd.	Manufacturing and sale of cement	2,240,409	(b)	1,626,555	-	-	1,626,555	419,543	100.00	419,543	5,128,945	-	Note 6
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	582,000	(b)	328,830	-	-	328,830	(1,712)	100.00	(1,712)	318,885	-	Note 6
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	590,730	(b)	266,270	-	-	266,270	(42,732)	65.00	(27,776)	464,445	-	Note 6
TCC New (Hangzhou) Management Company Limited	Operation management	232,800	(b)	131,532	-	-	131,532	(1,551)	100.00	(1,551)	170,384	-	Note 6
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,663,461	(b)	1,041,035	-	-	1,041,035	40,510	100.00	40,510	3,735,757	-	Note 6
TCC Shaoguan Cement Co., Limited	Manufacturing and sale of cement	2,010,810	(b)	1,884,225	-	-	1,884,225	(9,581)	100.00	(9,581)	1,923,579	-	Note 6
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,055,038	(b)	3,005,617	-	-	3,005,617	123,439	100.00	123,439	3,701,942	-	Note 6
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	1,280,700	(b)	5,502,059	-	-	5,502,059	167,016	100.00	167,016	4,483,600	-	Note 6
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	640,350	(b)	-	-	-	-	62,374	100.00	62,374	2,061,471	-	Note 6
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	42,690	(b)	-	-	-	-	(6,665)	100.00	(6,665)	43,190	-	Note 6
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	116,400	(b)	363,951	-	-	363,951	18,480	100.00	18,480	268,001	-	Note 6
TCC Yingde Mining Industrial Company Limited	Mining excavation	334,650	(b)	263,287	-	-	263,287	3,646	100.00	3,646	380,857	-	Note 6
TCC Guigang Mining Industrial Company Limited	Mining excavation	145,500	(b)	125,672	-	-	125,672	1,792	100.00	1,792	366,168	-	Note 6
Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	625,451	(b)	-	-	-	-	58,288	100.00	58,288	541,701	-	Note 6
Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	1,686,255	(b)	-	-	-	-	286,905	100.00	286,905	3,142,437	-	Note 6
Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	99,254	(b)	-	-	-	-	529	100.00	529	5,524	-	Note 6
Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	106,725	(b)	-	-	-	-	(6,370)	100.00	(6,370)	115,843	-	Note 6
Anshun Xin Tai Construction Materials Company Limited	Sand and gravel filtering and sale of ready-mixed concrete	64,035	(b)	89,458	-	-	89,458	(803)	100.00	(803)	61,205	-	Note 6
Fuzhou TCC Information Technology Co., Ltd. (Note 5)	Software product and equipment maintenance	2,910	(b)	2,910	-	-	2,910	1,726	100.00	1,726	13,093	39,372	Note 6
Da Tong (Guigang) International Logistics Co., Ltd. (Note 5)	Logistics and transportation	145,500	(b)	-	-	-	-	82,891	100.00	82,891	780,753	-	Note 6
Da Tong (Ying De) Logistics Co., Ltd. (Note 5)	Logistics and transportation	21,345	(b)	-	-	-	-	8,986	100.00	8,986	115,852	-	Note 6
Guigang Da-Ho Shipping Co., Ltd. (Note 5)	Marine transportation	17,076	(b)	-	-	-	-	52,509	100.00	52,509	431,203	-	Note 6
Prosperity Conch Cement Co., Ltd.	Manufacturing and sale of cement	2,476,020	(b)	2,143,109	-	-	2,143,109	3,694,044	25.00	923,511	6,693,306	-	
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,521,925	(b)	1,397,213	-	-	1,397,213	626,131	30.00	187,839	1,632,859	-	
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	1,761,304	(b)	676,594	-	-	676,594	735,788	30.00	220,736	1,060,085	-	
Sichuan Taichang Building Material Group Company Limited	Manufacturing and sale of cement	853,800	(b)	338,223	-	-	338,223	200,684	30.00	60,205	248,756	-	
Guangan Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	66,170	(b)	46,174	-	-	46,174	-	50.00	-	-	-	
Guigang TCC Donyuan Environmental Technology Limited	Dangerous waste treatment	499,473	(b)	499,473	-	-	499,473	13,209	95.20	12,575	516,461	-	Note 6
Beijing TCC Environment Technology Co., Ltd.	Technology development, business management and sales	25,614	(b)	25,614	-	-	25,614	(19,214)	100.00	(19,214)	(13,794)	-	Note 6
TCC (Hangzhou) Environment Technology Limited	Environment, cement, business management consulting	2,988,300	(b)	2,988,300	-	-	2,988,300	(168,322)	100.00	(168,322)	2,672,681	-	Note 6
Kaili TCC Environment Technology Co., Ltd.	Waste collection and treatment	12,807	(b)	12,807	-	-	12,807	(2,034)	100.00	(2,034)	25,459	-	Note 6
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	Technology development, business management and sales	17,076	(b)	9,392	-	-	9,392	512	55.00	281	8,539	-	Note 6
TCC (Hangzhou) Recycle Resource Technology Limited	Resource recycling technology development, business management and sales	426,900	(b)	-	-	-	-	1,079	100.00	1,079	429,041	-	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 September 30, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of September 30, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of September 30, 2020	Note
					Outflow	Inflow							
Guangan TCC Jiuyuan Environmental Protection Technology Co., Ltd.	Technology development, business management consulting	\$ 8,538	(b)	\$ -	\$ -	\$ -	\$ -	\$ 22	45.00	\$ 10	\$ 3,862	-	
Guigang Conch-TCC New Material Technology Co., Ltd	Technology development and service, Manufacturing and sale of dedicated chemical production.	12,807	(b)	-	-	-	-	-	40.00	-	5,135	-	

Accumulated Investment in Mainland China as of September 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$69,198,081	\$71,745,493	(Note 7)

- Note 1:   The method of investments were as follows:

a.   Direct investment in mainland companies.

b.   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:   For TCC Yingde Cement Co., Ltd., TCC (Gui Gang) Cement Ltd., TCC Anshun Cement Company Limited, TCC Chongqing Cement Company Limited, Jurong TCC Cement Co., Ltd., Yingde Dragon Mountain Cement Co., Ltd. and TCC Huaihua Cement Co., Ltd. the carrying amounts and investment gains or losses are based on the reviewed financial statements, while all other entities are not.
- Note 4:   As of September 30, 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.
- Note 8:   Anhui King Bridge Cement Co., Ltd. had winded up their business and the relevant procedures are still under the process at the end of 2019.

B.   Refer to Tables 1, 2, 5 and 9 for the information about significant transactions with investees in the mainland China either directly or indirectly through a third area.

(Concluded)

**TABLE 9****TAIWAN CEMENT CORPORATION AND SUBSIDIARIES**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	Taiwan Cement Corporation	Feng Sheng Enterprise Company	1	Operating revenue	\$ 322,765	30 days	0.4
				Operating costs and expenses	158,892	30 days	0.2
				Accounts receivable from related parties	102,863	30 days	-
		Taiwan Transport & Storage Corporation	1	Operating costs and expenses	479,058	30 days	0.6
		Hoping Industrial Port Corporation	1	Operating costs and expenses	383,146	20 days	0.5
		Ho Sheng Mining Co., Ltd.	1	Operating costs and expenses	517,235	30 days	0.6
		Jin Chang Minerals Corporation	1	Operating costs and expenses	173,681	30 days	0.2
		Kuan-Ho Refractories Industry Corporation	1	Operating costs and expenses	171,493	30 days	0.2
		TCCIH	1	Operating revenue	326,074	By contract	0.4
		HKCCL	1	Operating revenue	320,530	65 days after the end of the day when shipment was made	0.4
		Ta-Ho Maritime Corporation	1	Operating costs and expenses	1,075,269	30 days	1.3
				Accounts payable to related parties	195,003	30 days	0.1
		E.G.C. Cement Corporation	1	Operating revenue	351,113	50 days after the end of the day when delivery was made	0.4
				Accounts receivable from related parties	131,404	50 days after the end of the day when delivery was made	-
				Lease liabilities - non-current	257,539	By contract	0.1
1	Ho-Ping Power Company	Hoping Industrial Port Corporation	3	Operating costs and expenses	917,554	20 days	1.1
		HPC Power Service Corporation	3	Operating costs and expenses	344,220	By contract	0.4
2	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Finance lease receivables	1,130,830	By contract	0.3
		Taiwan Transport & Storage Corporation	3	Other payables to related parties	300,000	By contract	0.1
		Taiwan Cement Engineering Corporation	3	Other payables to related parties	200,000	By contract	0.1
3	Taiwan Transport & Storage Corporation	Hoping Industrial Port Corporation	3	Operating revenue	164,563	30 days	0.2
4	Tai-Jie Transport & Storage Corporation	Taiwan Transport & Storage Corporation	3	Other payables to related parties	100,000	30 days	-
5	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd.	3	Operating revenue	402,306	By negotiation	0.5
				Account receivable from related parties	142,010	By negotiation	0.0
6	Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd.	3	Operating revenue	335,193	By negotiation	0.4
				Account receivable from related parties	154,564	By negotiation	-
		TCC Yingde Cement Co., Ltd.	3	Operating revenue	205,758	By negotiation	0.3
7	Jin Chang Minerals Corporation	TCC Investment Corporation	3	Other payables to related parties	300,000	By contract	0.1

(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 exceeding \$100 million.

(Concluded)