

**Taiwan Cement Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, relevant information required to be disclosed in the combined financial statements has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Taiwan Cement Corporation and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

TAIWAN CEMENT CORPORATION

AN-PING CHANG
Chairman

March 19, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition of Cement Sales

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

Chih-Ming Shao Hui-Min Huang

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2021

Notice to Readers

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 51,433,522	13	\$ 53,572,620	15
Financial assets at fair value through profit or loss (Notes 4, 7 and 29)	353,986	-	502,005	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 29, 30 and 31)	5,596,471	1	7,180,745	2
Financial assets at amortized cost (Notes 4, 6, 29 and 31)	15,769,277	4	4,745,911	1
Notes receivable (Notes 4 and 9)	29,518,807	8	31,258,167	9
Accounts receivable (Notes 4, 9 and 10)	9,522,642	3	8,838,553	2
Notes and accounts receivable from related parties (Notes 4 and 30)	273,866	-	300,000	-
Other receivables (Notes 4 and 24)	1,073,289	-	913,545	-
Other receivables from related parties (Notes 4 and 30)	3,785	-	388,806	-
Inventories (Notes 4 and 11)	7,941,755	2	8,132,977	2
Prepayments	2,135,702	1	1,790,795	1
Other current assets	686,069	-	521,866	-
Total current assets	124,309,171	32	118,145,990	32
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8, 29, 30 and 31)	31,903,287	8	36,120,339	10
Financial assets at amortized cost (Notes 4, 6, 29 and 31)	16,475,021	4	984,716	-
Investments accounted for using the equity method (Notes 4, 13 and 31)	50,133,844	13	47,631,870	13
Property, plant and equipment (Notes 4, 14, 23 and 31)	92,108,972	24	89,881,319	24
Right-of-use assets (Notes 4, 15, 23 and 30)	13,451,125	4	12,734,286	4
Investment properties (Notes 4, 16, 23 and 31)	5,451,434	1	6,322,209	2
Intangible assets (Notes 4, 17 and 23)	19,563,960	5	19,656,118	5
Prepayments for property, plant and equipment (Notes 14 and 30)	5,426,869	1	2,992,315	1
Long-term finance lease receivables (Notes 4 and 10)	26,975,117	7	29,253,336	8
Net defined benefit asset (Notes 4 and 21)	1,572,025	-	1,434,342	-
Other non-current assets (Notes 4 and 24)	2,135,411	1	2,325,545	1
Total non-current assets	265,197,065	68	249,336,395	68
TOTAL	\$ 389,506,236	100	\$ 367,482,385	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 18, 27 and 31)	\$ 34,675,454	9	\$ 30,445,048	8
Short-term bills payable (Note 18)	6,247,029	2	5,875,398	2
Contract liabilities	5,226,637	1	5,041,554	1
Notes and accounts payable (Note 30)	6,137,904	2	7,427,013	2
Other payables (Notes 20 and 32)	10,661,629	3	10,990,611	3
Other payables to related parties (Notes 13 and 30)	8,284	-	234,793	-
Current income tax liabilities (Notes 4 and 24)	3,914,955	1	4,443,343	1
Lease liabilities (Notes 4, 15 and 30)	315,451	-	416,346	-
Long-term loans - current portion (Notes 18, 27 and 31)	4,805,000	1	1,624,138	1
Other current liabilities	111,365	-	34,499	-
Total current liabilities	72,103,708	19	66,532,743	18
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 19)	53,897,370	14	35,699,778	10
Long-term loans (Notes 18, 27 and 31)	24,998,481	6	30,553,035	8
Lease liabilities (Notes 4 and 15)	1,978,361	1	2,073,806	1
Deferred income tax liabilities (Notes 4 and 24)	11,754,270	3	11,588,934	3
Long-term bills payable (Note 18)	4,991,327	1	11,800,966	3
Net defined benefit liabilities (Notes 4 and 21)	72,845	-	97,401	-
Other non-current liabilities (Note 13)	879,821	-	673,855	-
Total non-current liabilities	98,572,475	25	92,487,775	25
Total liabilities	170,676,183	44	159,020,518	43
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4, 22 and 26)				
Share capital	59,414,007	15	56,656,192	15
Certificate of entitlement to new shares from convertible bonds	688,542	-	-	-
Capital surplus	49,122,450	13	48,015,947	13
Retained earnings	74,199,518	19	65,626,033	18
Others	21,146,991	5	23,734,855	7
Treasury shares	(499,691)	-	(348,959)	-
Equity attributable to shareholders of the Corporation	204,071,817	52	193,684,068	53
NON-CONTROLLING INTERESTS (Notes 22 and 26)	14,758,236	4	14,777,799	4
Total equity	218,830,053	56	208,461,867	57
TOTAL	\$ 389,506,236	100	\$ 367,482,385	100

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 30)	\$ 114,367,247	100	\$ 122,783,014	100
OPERATING COSTS (Notes 4, 11, 23 and 30)	<u>76,779,667</u>	<u>67</u>	<u>86,872,759</u>	<u>71</u>
GROSS PROFIT	<u>37,587,580</u>	<u>33</u>	<u>35,910,255</u>	<u>29</u>
OPERATING EXPENSES (Notes 23 and 30)				
Marketing	1,106,328	1	1,013,114	-
General and administrative	5,110,389	5	4,699,672	4
Research and development	<u>29,046</u>	<u>-</u>	<u>40,748</u>	<u>-</u>
Total operating expenses	<u>6,245,763</u>	<u>6</u>	<u>5,753,534</u>	<u>4</u>
INCOME FROM OPERATIONS	<u>31,341,817</u>	<u>27</u>	<u>30,156,721</u>	<u>25</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 13)	3,200,243	3	2,509,388	2
Interest income (Note 4)	1,363,489	1	815,805	1
Dividend income (Note 4)	1,567,644	1	1,448,451	1
Other income (Note 23)	498,284	1	1,256,575	1
Finance costs (Notes 4 and 23)	(1,986,208)	(2)	(2,199,118)	(2)
Net loss on disposal of property, plant and equipment	(101,742)	-	(162,793)	-
Other expenses (Note 23)	(389,007)	-	(401,427)	-
Foreign exchange losses, net	(39,915)	-	(15,399)	-
Non-financial assets impairment loss (Note 14)	<u>(101,299)</u>	<u>-</u>	<u>(774,784)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>4,011,489</u>	<u>4</u>	<u>2,476,698</u>	<u>2</u>
INCOME BEFORE INCOME TAX	35,353,306	31	32,633,419	27
INCOME TAX EXPENSE (Notes 4 and 24)	<u>7,361,913</u>	<u>7</u>	<u>7,178,329</u>	<u>6</u>
NET INCOME	<u>27,991,393</u>	<u>24</u>	<u>25,455,090</u>	<u>21</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 21)	\$ 125,997	-	\$ 402,890	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 22)	(4,703,206)	(4)	11,208,989	9
Gain (loss) on hedging instruments	216	-	(9,614)	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 22)	(11,998)	-	172,815	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 24)	(25,212)	-	(80,567)	-
	<u>(4,614,203)</u>	<u>(4)</u>	<u>11,694,513</u>	<u>9</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 22)	2,219,191	2	(4,792,103)	(4)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method (Note 22)	(100,486)	-	(1,877,651)	(1)
	<u>2,118,705</u>	<u>2</u>	<u>(6,669,754)</u>	<u>(5)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(2,495,498)</u>	<u>(2)</u>	<u>5,024,759</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 25,495,895</u>	<u>22</u>	<u>\$ 30,479,849</u>	<u>25</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 25,099,309	22	\$ 24,211,081	20
Non-controlling interests	<u>2,892,084</u>	<u>2</u>	<u>1,244,009</u>	<u>1</u>
	<u>\$ 27,991,393</u>	<u>24</u>	<u>\$ 25,455,090</u>	<u>21</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 22,708,608	20	\$ 29,178,084	24
Non-controlling interests	<u>2,787,287</u>	<u>2</u>	<u>1,301,765</u>	<u>1</u>
	<u>\$ 25,495,895</u>	<u>22</u>	<u>\$ 30,479,849</u>	<u>25</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

	2020		2019	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 25)				
Basic	\$ 4.32		\$ 4.22	
Diluted	\$ 4.09		\$ 4.06	

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Shareholders of the Corporation											Total Equity	
	Share Capital			Retained Earnings			Exchange Difference		Others		Non-controlling Interests		
	Ordinary Shares	Preferred Shares	Certificate of Entitlement to New Shares from Convertible Bonds	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Gain on Hedging Instruments	Treasury Shares			Total
BALANCE AT 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	\$ 181,541,510	\$ 15,837,946	\$ 197,379,456
Appropriation of 2018 earnings	-	-	-	-	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	3,575,593	-	-	-	-	-	(18,219)	(18,219)	-	-	(18,219)	-	(18,219)
Share dividends distributed by the Corporation	-	-	-	-	-	-	(3,575,593)	(3,575,593)	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,219,308)	(2,219,308)
Net income for the year ended December 31, 2019	-	-	-	-	-	-	24,211,081	24,211,081	-	-	24,211,081	1,244,009	25,455,090
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	(6,827)	-	(6,827)	57,756	50,929
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	24,211,081	24,211,081	(6,827)	-	24,211,081	1,301,765	25,512,864
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	26	26
Basis adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	5,708	-	5,708	3,846	9,554
Compensation costs of treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares transfer to employees	-	-	-	-	-	-	-	-	-	-	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	(348,959)	-	(348,959)
BALANCE AT DECEMBER 31, 2019	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	193,684,068	14,777,799	208,461,867
Appropriation of 2019 earnings	-	-	-	-	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	2,728,810	-	-	-	-	-	(350,000)	(350,000)	-	-	(350,000)	-	(350,000)
Share dividends distributed by the Corporation	-	-	-	-	-	-	(2,728,810)	(2,728,810)	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,485,089)	(2,485,089)
Net income for the year ended December 31, 2020	-	-	-	-	-	-	25,099,309	25,099,309	-	-	25,099,309	2,892,084	27,991,393
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	-	2,136,685	(4,623,001)	(2,300,201)	(104,792)	(2,495,408)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	25,099,309	25,099,309	2,136,685	(4,623,001)	22,708,608	2,787,287	25,495,895
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	-	(444,384)	-	-	-	-	-	(444,384)	(295,506)	(739,890)
Changes in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(26,225)	(26,225)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends from subsidiaries over claims extinguished by prescription	-	-	-	-	-	-	-	-	-	-	136,699	-	136,699
Basis adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	-	-	-	57	406
Compensation costs of treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	-	-	(87)	(216)
Treasury shares transfer to employees	-	-	-	-	-	-	-	-	-	-	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Convertible bonds converted to ordinary shares	29,005	-	-	-	-	-	101,298	101,298	-	-	101,298	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	57,414,007	2,000,000	-	49,422,450	19,351,361	13,039,860	41,808,297	74,199,518	(9,523,576)	30,670,817	204,071,817	14,738,236	218,810,053

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 35,353,306	\$ 32,633,419
Adjustments for:		
Depreciation expense	6,844,158	6,909,487
Amortization expense	420,925	430,278
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(32,170)	(179,256)
Finance costs	1,986,208	2,199,118
Interest income	(1,363,489)	(815,805)
Dividend income	(1,567,644)	(1,448,451)
Share-based compensation	4,808	826
Share of profit of associates and joint ventures	(3,200,243)	(2,509,388)
Loss on disposal of property, plant and equipment, net	101,742	162,793
Gain on disposal of investments, net	-	(181,349)
Non-financial assets impairment loss	101,299	774,784
Reversal of write-downs of inventories	(72,989)	(36,520)
Unrealized gain on foreign exchange, net	(135,851)	(142,906)
Gain on lease modification	5,939	-
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	175,844	87,629
Notes receivable	2,284,125	(2,605,525)
Accounts receivable	(679,413)	(647,799)
Notes and accounts receivable from related parties	21,721	(31,332)
Other receivables	(50,258)	(23,426)
Other receivables from related parties	385,021	(41,514)
Inventories	320,090	1,217,372
Prepayments	(418,327)	1,001,688
Other current assets	(186,551)	58,080
Contract liabilities	137,727	(51,772)
Notes and accounts payable	(1,308,160)	(195,057)
Other payables	258,701	(223,331)
Other payables to related parties	(389,063)	(469,311)
Other current liabilities	76,969	(80,244)
Net defined benefit liabilities	(36,242)	(144,918)
Cash generated from operations	39,038,183	35,647,570
Income tax paid	(7,758,907)	(6,435,021)
Net cash generated from operating activities	<u>31,279,276</u>	<u>29,212,549</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(34,101)	-
Disposal of financial assets at fair value through other comprehensive income	1,057,782	4,584

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	2020	2019
Purchases of financial assets at amortized cost	\$ (26,198,078)	\$ (2,766,430)
Acquisition of investments accounted for using the equity method	(233,942)	(1,284,750)
Disposal of investments accounted for using the equity method	-	41,116
Payments for property, plant and equipment	(9,572,441)	(8,201,795)
Proceeds from disposal of property, plant and equipment	64,452	522,037
Increase in other receivables from related parties	-	(341,280)
Payments for intangible assets	(46,651)	(106,261)
Payments for right-of-use assets	(1,085,531)	(4,122,514)
Disposal of right-of-use assets	-	4,690
Decrease in long-term finance lease receivables	2,278,219	1,698,460
Decrease (increase) in other non-current assets	181,983	(237,937)
Interest received	1,174,062	852,229
Dividends received	<u>2,466,331</u>	<u>2,472,266</u>
Net cash used in investing activities	<u>(29,947,915)</u>	<u>(11,465,585)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	4,533,158	4,364,712
Increase (decrease) in short-term bills payable	371,631	(1,526,816)
Issuance of bonds payable	19,960,000	12,562,200
Increase in long-term loans	4,351,860	14,459,444
Repayments of long-term loans	(6,533,621)	(8,747,894)
Increase in long-term bills payable	35,828,000	81,680,086
Decrease in long-term bills payable	(42,656,000)	(92,356,000)
Repayment of the principal portion of lease liabilities	(417,687)	(437,093)
Increase (decrease) in other non-current liabilities	48,249	(103,829)
Cash dividends paid	(16,479,137)	(19,093,894)
Treasury shares transfer to employees	19,471	2,121
Payment for buy-back of treasury shares	(171,600)	(348,959)
Acquisitions of subsidiaries	(739,890)	(1,017)
Interest paid	(1,896,447)	(2,102,028)
Changes in non-controlling interests	<u>-</u>	<u>7,621</u>
Net cash used in financing activities	<u>(3,782,013)</u>	<u>(11,641,346)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>311,554</u>	<u>(1,040,887)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,139,098)	5,064,731
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>53,572,620</u>	<u>48,507,889</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 51,433,522</u>	<u>\$ 53,572,620</u>

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taiwan Cement Corporation (the “Corporation”) was incorporated in 1946 and was restructured as a company limited by shares in 1951, which was jointly operated by the Ministry of Economics Resource Committee and the Taiwan Provincial Government. In 1954, the Corporation was privatized as a result of the Taiwan government’s land reform program, land-to-the-tiller policy. The Corporation engages in the manufacture and marketing of cement, cement-related products and ready-mixed concrete. The Corporation’s shares have been listed on the Taiwan Stock Exchange since February 1962.

The consolidated financial statements of the Corporation and its subsidiaries, collectively referred to as the “Group”, are presented in New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 19, 2021.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

- c. The New IFRSs issue by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by Issued FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets or liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

The Group engages in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in its relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

Refer to Note 12 for the detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

For each business combination, the Group measures the non-controlling interests at either fair value or the share in the recognized amounts of the acquiree's identifiable net assets. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if those interests were directly disposed of by the Group.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

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

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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

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

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on its initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

i. Property, plant and equipment

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

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

Freehold land is not depreciated.

Depreciation of property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

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

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

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation. On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit or groups of cash-generating units was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation that is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

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

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it is initially recognized as an intangible asset at its fair value. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

m. Impairment of property, plant and equipment, right-of-use assets, intangible assets other than goodwill

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

Intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on their remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

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

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, without considering the collateral held, the Group determines that a financial asset is in default when internal or external information show that the debtor is unlikely to pay its creditors, unless there is reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

3) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at FVTPL, all financial liabilities are carried at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when any such financial liability is either held for trading or is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

o. Hedge accounting

The effects of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period as when the hedged item affects profit or loss. If the hedge of forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

p. Revenue recognition

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

- 1) Revenue from the sale of goods is recognized when the goods are delivered to customer'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.

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

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

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

u. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees and treasury shares transferred to employees is the date on which the number of shares that the employees purchase is confirmed.

v. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for research and development expenditures to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deferred tax assets arising from deductible temporary differences associated with such investments and equity, the interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, and in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Impairment of property, plant and equipment

The impairment loss of property, plant and equipment in relation to production was based on the recoverable amounts of those assets, which are the higher of their fair value less costs of disposal and their value in use. Any changes in the market prices or future cash flows will affect the recoverable amounts of those assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 7,934	\$ 8,219
Checking accounts and demand deposits	30,351,013	25,276,394
Cash equivalents		
Time deposits with original maturities of less than 3 months	17,683,667	26,459,579
Bonds with repurchase agreements	<u>3,390,908</u>	<u>1,828,428</u>
	<u>\$ 51,433,522</u>	<u>\$ 53,572,620</u>

The market rate intervals of cash in banks and bonds with repurchase agreements at the end of the reporting period were as follows:

	December 31	
	2020	2019
Cash in banks	0.01%-3.00%	0.01%-3.70%
Bonds with repurchase agreements	0.19%-0.40%	0.45%-0.60%

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

	December 31	
	2020	2019
Current	\$ 15,769,277	\$ 4,745,911
Non-current	<u>16,475,021</u>	<u>984,716</u>
	<u>\$ 32,244,298</u>	<u>\$ 5,730,627</u>

The market rate intervals of time deposits with original maturities of more than 3 months at the end of the reporting period were as follows:

December 31	
2020	2019
0.07%-4.26%	0.14%-4.40%

Refer to Note 31 for information relating to pledged financial assets at amortized cost.

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2020	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	\$ 17,092	\$ 1,235
Non-derivative financial assets		
Domestic listed shares	234,963	228,588
Domestic emerging market shares	101,931	96,909
Mutual funds	<u>-</u>	<u>175,273</u>
	<u>\$ 353,986</u>	<u>\$ 502,005</u>

8. FINANCIAL ASSETS AT FVTOCI (INVESTMENTS IN EQUITY INSTRUMENTS)

	December 31	
	2020	2019
<u>Current</u>		
Domestic investments		
Listed shares	\$ 5,544,326	\$ 7,126,288
Convertible preference shares	<u>52,145</u>	<u>54,457</u>
	<u>\$ 5,596,471</u>	<u>\$ 7,180,745</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ 7,239,178	\$ 6,971,622
Foreign investments		
Listed shares	<u>24,664,109</u>	<u>29,148,717</u>
	<u>\$ 31,903,287</u>	<u>\$ 36,120,339</u>

Refer to Note 31 for information relating to investments in equity instruments at FVTOCI pledged as collateral for credit accommodations.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2020	2019
Notes receivable	\$ 29,529,951	\$ 31,268,890
Less: Allowance for impairment loss	<u>(11,144)</u>	<u>(10,723)</u>
	<u>29,518,807</u>	<u>31,258,167</u>
Accounts receivable	9,654,937	8,933,767
Less: Allowance for impairment loss	<u>(132,295)</u>	<u>(95,214)</u>
	<u>9,522,642</u>	<u>8,838,553</u>
	<u>\$ 39,041,449</u>	<u>\$ 40,096,720</u>

The Group recognizes allowance for impairment loss on account receivable on the basis of individual customers for which credit losses have actually taken place. Moreover, the Group separates all customers into different segments based on their risk and determines their expected credit loss rate by reference to past default experience with the counterparties and on analysis of their current financial positions. The Group recognizes an allowance for impairment loss of 100% against past due receivables which have indication of impairment.

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

The aging analysis of receivables was as follows:

	December 31	
	2020	2019
Up to 90 days	\$ 23,631,396	\$ 24,505,536
91-180 days	14,264,510	14,550,796
181-365 days	1,123,626	1,029,401
Over 365 days	<u>21,917</u>	<u>10,987</u>
	<u>\$ 39,041,449</u>	<u>\$ 40,096,720</u>

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the allowance for doubtful notes and accounts receivable were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 105,937	\$ 50,939
Add: Net remeasurement of loss allowance	38,461	58,292
Less: Amounts written off	(2,597)	(2,323)
Foreign exchange translation gains and losses	<u>1,638</u>	<u>(971)</u>
Balance at December 31, 2020	<u>\$ 143,439</u>	<u>\$ 105,937</u>

10. FINANCE LEASE RECEIVABLES

	December 31	
	2020	2019
<u>Undiscounted lease payments</u>		
Year 1	\$ 5,457,252	\$ 5,106,298
Year 2	5,550,758	5,457,252
Year 3	5,578,575	5,550,758
Year 4	6,127,364	5,578,575
Year 5	6,285,029	6,127,364
Year 6 onwards	<u>15,011,003</u>	<u>21,296,031</u>
	44,009,981	49,116,278
Less: Unearned finance income	14,708,766	18,116,604
Less: Accumulated impairment	<u>47,878</u>	<u>47,878</u>
Net investment in leases presented as finance lease receivables	<u>\$ 29,253,337</u>	<u>\$ 30,951,796</u>
Current (included in accounts receivable)	\$ 2,278,220	\$ 1,698,460
Non-current	<u>26,975,117</u>	<u>29,253,336</u>
	<u>\$ 29,253,337</u>	<u>\$ 30,951,796</u>

The Group's electric power selling contracts with guaranteed power generation periods are classified as finance lease arrangements and the term entered into was 25 years. The interest rate inherent in the lease was fixed at the contract date for the entire lease term. The interest rate inherent in the finance lease was approximately 11.18%.

11. INVENTORIES

	December 31	
	2020	2019
Finished goods	\$ 2,248,212	\$ 2,147,190
Work in process	1,610,246	1,324,205
Raw materials	<u>4,083,297</u>	<u>4,661,582</u>
	<u>\$ 7,941,755</u>	<u>\$ 8,132,977</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$69,474,982 thousand and \$79,733,532 thousand, respectively.

The cost of goods sold included reversal of write-downs of inventory as follows:

	For the Year Ended December 31	
	2020	2019
Reversal of write-downs of inventory	<u>\$ 72,989</u>	<u>\$ 36,520</u>

Previous write-downs were reversed due to the disposal of slow moving inventories.

12. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries which are as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			2020	2019	
Taiwan Cement Corporation	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	83.9	83.9	
	TCC Investment Corporation	Investment	100.0	100.0	
	Kuan-Ho Refractories Industry Corporation	Production and sale of refractory materials	95.3	95.3	
	Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	Investment holding	84.7	84.7	
	Ta-Ho Maritime Corporation	Marine transportation	64.8	64.8	
	Taiwan Cement Engineering Corporation	Engineering services	99.2	99.0	1)
	TCC Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Chemical Corporation	Leasing property and energy technology services	100.0	100.0	
	TCC Information Systems Corporation	Information software design	99.4	99.4	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	71.1	40.0	1) 3)
	Tung Chen Mineral Corporation	Afforestation and sale of limestone	99.5	99.5	
	Jin Chang Minerals Corporation	Afforestation and sale of limestone	100.0	100.0	
	Hoping Industrial Port Corporation	Hoping Industrial Port management	100.0	100.0	
	TCC International Ltd. ("TCCP")	Investment holding	100.0	100.0	
	TCCMOLI Holdings (Singapore) Pte. Ltd. (TCCMOLI)	Investment holding	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	
	HPC Power Services Corporation	Business consulting	60.0	60.0	
	E.G.C. Cement Corporation	Sale of cement	50.6	50.6	
	Feng Sheng Enterprise Company Limited	Sale of ready-mixed concrete	45.4	45.4	3)
	Trans Philippines Mineral Corporation ("TPMC")	Mining excavation	40.0	40.0	3)
	Taicorn Minerals Corporation ("TMC")	Mining excavation	72.7	72.7	
	Ta-Ho RSEA Environment Co., Ltd.	Waste collection and treatment	66.6	66.6	
	Ho Sheng Mining Co., Ltd.	Mining excavation and sale of limestone	100.0	100.0	
	TCC International Holdings Ltd. ("TCCIH")	Investment holding	38.3	38.3	
	Taiwan Cement (Dutch) Holdings B.V.	Investment holding	100.0	100.0	
	TCC Sustainable Energy Investment Corporation	Investment holding	100.0	-	4)
	TCC Energy Storage Technology Corporation	Energy storage equipment manufacturing, production and sales	100.0	-	4)
Taiwan Transport & Storage Corporation	E.G.C. Cement Corporation	Sale of cement	49.4	49.4	
	Ta-Ho Maritime Corporation	Marine transportation	29.2	29.2	1)
	Tai-Jie Transport & Storage Corporation	Transportation	100.0	100.0	
TCC Investment Corporation	Union Cement Traders Inc.	Import and export trading	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	0.5	0.5	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.2	0.2	3)
	Ta-Ho Maritime Corporation	Marine transportation	-	-	
HKCMCL	TCC Development Ltd.	Property leasing	100.0	100.0	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Investment	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			2020	2019	
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Investment	100.0	100.0	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	2.3	2.3	3)
TCCI	TCCIH	Investment holding	61.7	61.7	
TPMC	TMC	Mining excavation	18.2	18.2	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	0.7	0.7	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Renewable energy generation	100.0	100.0	
TCC Green Energy Corporation	Chang-Wang Wind Power Co., Ltd.	Renewable energy generation	100.0	100.0	
	TCC Nan-Chung Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Kao-Cheng Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Chang-Ho Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Chia-Chien Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Yun-Kai Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Lien-Hsin Green Energy Corporation	Renewable energy generation	100.0	100.0	
	TCC Ping-Chih Green Energy Corporation	Renewable energy generation	100.0	100.0	
	Chia-Ho Green Energy Corporation	Renewable energy generation	100.0	-	4)
	Ta-Ho Maritime Holdings Ltd.	Marine transportation	100.0	100.0	
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Marine transportation	100.0	100.0	1)
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	
	Ta-Ho Maritime (Hong Kong) Limited	Marine transportation	100.0	100.0	
Taicem Information (Samoa) Pte., Ltd.	Fuzhou TCC Information Technology Co., Ltd.	Software product and equipment maintenance	100.0	100.0	
Ta-Ho Maritime (Hong Kong) Limited	Da Tong (Guigang) International Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	
Da Tong (Guigang) International Logistics Co., Ltd.	Da Tong (Ying De) Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	
TCCIH	Guigang Da-Ho Shipping Co., Ltd.	Marine transportation	100.0	100.0	
	Chia Hsin Cement Greater China Holding Corp. ("CHCGC")	Investment holding	-	100.0	2)
	Upper Value Investment Limited	Investment holding	100.0	100.0	
	Upper Value Investments Ltd. ("UPPV")	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	
	Ulexite Investments Ltd.	Investment holding	100.0	100.0	
	Prime York Ltd.	Investment holding	100.0	100.0	
	Prosperity Minerals (International) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement Development Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement ("QHC") Ltd.	Investment holding	100.0	100.0	
Upper Value Investment Limited	TCC Hong Kong Cement (Yargoan) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement ("HKC") Ltd.	Investment holding	-	100.0	2)
	TCC Hong Kong Cement (Philippines) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (International) Ltd.	Investment holding	100.0	100.0	
	Hong Kong Cement Company Limited ("HKCCL")	Sale of cement	100.0	100.0	
TCC Hong Kong Cement (QHC) Ltd.	Chiefolk Company Ltd.	Investment holding	70.0	70.0	
Chiefolk Company Ltd.	TCC International (Liuzhou) Ltd.	Investment holding	100.0	100.0	
TCC International (Liuzhou) Ltd.	TCC Liuzhou Company Ltd.	Investment holding	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			2020	2019	
TCC Liuzhou Company Ltd.	TCC Liuzhou Construction Materials Co., Ltd.	Manufacturing and sale of slag powder	60.0	60.0	
TCC Hong Kong Cement (Philippines) Ltd.	TCC Cement Corp.	Cement processing services	100.0	100.0	
TCC Hong Kong Cement (International) Ltd.	TCC International (Hong Kong) Co., Ltd. ("TCCI (HK)")	Investment holding	100.0	100.0	
TCCI (HK)	TCC Guigang Mining Industrial Company Limited	Mining excavation	52.5	52.5	
	Jiangsu TCC Investment Co., Ltd.	Investment holding	100.0	100.0	
	Jingyang Industrial Limited	Investment holding	100.0	100.0	
	TCC International (Guangxi) Ltd.	Investment holding	100.0	100.0	
	TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	48.9	48.9	
	TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Jiangsu Mining Industrial Company Limited	Mining excavation	100.0	100.0	
	TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	100.0	100.0	
	TCC (Dong Guan) Cement Company Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	31.0	100.0	5)
Jiangsu TCC Investment Co., Ltd.	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	21.5	21.5	
	Jurong TCC Environmental Co., Ltd.	Dangerous waste treatment	21.5	-	4)
Jingyang Industrial Limited	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	78.5	78.5	
	Jurong TCC Environmental Co., Ltd.	Dangerous waste treatment	78.5	-	4)
TCC International (Guangxi) Ltd.	TCC (Gui Gang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC (Hangzhou) Recycle Resource Technology Limited	Recycle Resource technology development, business management and sales	82.1	-	4) 7)
TCC (Gui Gang) Cement Ltd.	TCC Huaying Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	TCC Guigang Mining Industrial Company Limited	Mining excavation	47.5	47.5	
	Guigang TCC DongYuan Environmental Technology Company Limited	Dangerous waste treatment	100.0	95.2	8)
	TCC (Hangzhou) Recycle Resource Technology Limited	Recycle Resource technology development, business management and sales	17.9	-	4) 7)
TCC Yingde Cement Co., Ltd.	TCC Yingde Mining Industrial Company Limited	Mining excavation	34.8	34.8	
	Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	25.0	25.0	
	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Beijing TCC Environmental Technology Co., Ltd.	Technology development, enterprise management and sales	100.0	100.0	
	TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Environmental protection, cement and enterprise management consulting	100.0	100.0	
TCC Jiangsu Mining Industrial Company Limited	TCC Yingde Mining Industrial Company Limited	Mining excavation	16.3	16.3	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2020	2019	
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	TCC Huaihua Concrete Company Limited	Sale of ready-mixed concrete	100.0	100.0	
UPPV	Wayly Holdings Limited.	Investment holding	100.0	100.0	
	TCC International (China) Co., Ltd.	Investment holding	100.0	100.0	
	Kong On Cement Holdings Ltd.	Investment holding	65.0	65.0	
	Mega East Ltd.	Investment holding	100.0	100.0	
	Prosperity Minerals (China) Limited.	Investment holding	100.0	100.0	
	Sure Kit Ltd.	Investment holding	100.0	100.0	
	Hensford Ltd.	Investment holding	100.0	100.0	
	Kiton Ltd.	Investment holding	100.0	100.0	
	Prosperity Cement Investment Ltd.	Investment holding	100.0	100.0	
	Scitus Cement (China) Holdings Ltd. (“Scitus Holdings”)	Investment holding	100.0	100.0	
	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	100.0	100.0
TCC International (China) Co., Ltd.	TCC New (Hangzhou) Management Company Limited	Operation management	100.0	100.0	
Kong On Cement Holdings Ltd.	Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Mega East Ltd.	Guangan Changxing Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	6)
Sure Kit Ltd.	TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Kiton Ltd.	TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Prosperity Cement Investment Ltd.	Yingde Dragon Mountain Cement Co, Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	100.0	100.0	
TCC New (Hangzhou) Management Company Limited	Kaili TCC Environment Technology Co., Ltd.	Waste collection and treatment	100.0	100.0	
Scitus Holdings	Scitus Cement (China) Operating Co., Ltd.	Investment holding	100.0	100.0	
	Hexagon XIV Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon XIII Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon IX Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon VIII Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon V Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon IV Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon III Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon II Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon IX Holdings Ltd.	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0
Hexagon IV Holdings Ltd.	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon III Holdings Ltd.	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon XIV Holdings Ltd.	Scitus Luzhou Concrete Co., Ltd.	Sales of ready-mixed concrete	75.0	75.0	
Scitus Luzhou Cement Co., Ltd.	TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	Technology development, enterprise management and sales	55.0	55.0	
Jurong TCC Cement Co., Ltd.	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	69.0	-	5)

(Concluded)

Remarks:

- 1) The Corporation purchased 0.2% equity of Taiwan Cement Engineering Corporation in 2020. The Corporation purchased shares of Taiwan Transport & Storage Corporation in 2020. The Corporation conducted a tender offer of 31.1% of the ordinary shares of Taiwan Prosperity Chemical Corporation in September 2020. Taiwan Transport & Storage Corporation purchased shares of Ta-Ho Maritime Corporation in 2020. In July 2019, the board of directors of Ta-Ho Maritime Holdings Ltd. resolved to increase its capital investment of THC International S.A. Refer to Note 26 for information relating to the aforementioned equity acquisition transaction.
 - 2) CHCGC and HKC had completed their dissolution in 2020.
 - 3) Although the Group's percentages of ownership in Feng Sheng Enterprise Company Limited, TPMC and Taiwan Prosperity Chemical Corporation for the year ended December 31, 2019 were less than 50%, the Group still has control over those entities. Thus, Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company Limited and TPMC are considered as subsidiaries of the Group.
 - 4) TCC Sustainable Energy Investment Corporation, TCC Energy Storage Technology Corporation, Chia-Ho Green Energy Corporation, TCC (Hangzhou) Recycle Resource Technology Limited and Jurong TCC Environmental Co., Ltd. were established in 2020. As of the date the consolidated financial statements were authorized for issue, TCC Green Energy invested \$150,000 thousand in TCC TUNG-LI Green Energy Corporation and completed the establishment registration.
 - 5) Jurong TCC Cement Co., Ltd invested in TCC Huaihua Cement Company Limited in 2020, and its percentage of ownership was increased to 69%. The original shareholder, TCCI (HK), did not simultaneously invest which resulted in decrease of the percentage of ownership to 31%.
 - 6) TCC Guangan Cement Company Limited changed its name to Guangan Changxing Cement Co., Ltd. in the fourth quarter of 2020.
 - 7) TCC (Hangzhou) Recycle Resource Technology Limited was originally expected to be held as 26.3% by TCC International (Guangxi) Limited and 73.7% by TCC (Guigang) Cement Ltd.. As of December 31, 2020, the capital increase had not been completed, and the shareholding was disclosed in accordance with the percentage of actual capital injection.
 - 8) Guigang TCC DongYuan Environmental Technology Company Limited was 95.2% owned by TCC (Guigang) Cement Ltd. at the end of 2019. In 2020, due to non-subscription by minority shareholders, TCC (Guigang) Cement Ltd.'s percentage of ownership in Guigang TCC DongYuan Environmental Technology Company Limited increased to 100%.
- b. Details of subsidiaries that have material non-controlling interests

	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2020	2019
Taiwan Prosperity Chemical Corporation	26.4%	57.5%
Ho-Ping Power Company	40.0%	40.0%

The board of directors of the Corporation approved the tender offer of the ordinary shares of Taiwan Prosperity Chemical Corporation with \$18 per share in July 2020 and approved the share swap by cash for the acquisition of 100% shares of Taiwan Prosperity Chemical Corporation and the delisting of the shares of Taiwan Prosperity Chemical Corporation in accordance with the applicable laws and regulations in September 2020. As of December 31, 2020, the Corporation had conducted the tender offer of 31.1% of the ordinary shares. The proportion of the Group's ownership was 73.6% and the proportion of the non-controlling interests decreased to 26.4%. The date of the share swap of the remaining shares is set on January 18, 2021.

Refer to Table for the information on the places of incorporation and principal places of business.

The summarized financial information below represents amounts before intragroup eliminations.

Taiwan Prosperity Chemical Corporation

	December 31	
	2020	2019
Current assets	\$ 4,699,229	\$ 3,888,222
Non-current assets	3,910,575	4,669,893
Current liabilities	(3,893,618)	(2,903,186)
Non-current liabilities	<u>(3,682,570)</u>	<u>(4,009,869)</u>
Equity	<u>\$ 1,033,616</u>	<u>\$ 1,645,060</u>
Equity attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ 760,847	\$ 699,344
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>272,769</u>	<u>945,716</u>
	<u>\$ 1,033,616</u>	<u>\$ 1,645,060</u>
	For the Year Ended December 31	
	2020	2019
Operating revenue	<u>\$ 8,456,024</u>	<u>\$ 10,370,301</u>
Net loss for the year	\$ (483,459)	\$ (2,013,070)
Other comprehensive income (loss) for the year	<u>(128,198)</u>	<u>124,888</u>
Total comprehensive loss for the year	<u>\$ (611,657)</u>	<u>\$ (1,888,182)</u>
Loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ (180,487)	\$ (855,793)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>(302,972)</u>	<u>(1,157,277)</u>
	<u>\$ (483,459)</u>	<u>\$ (2,013,070)</u>
Total comprehensive loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ (233,218)	\$ (802,703)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>(378,439)</u>	<u>(1,085,479)</u>
	<u>\$ (611,657)</u>	<u>\$ (1,888,182)</u>

(Continued)

	For the Year Ended December 31	
	2020	2019
Net cash inflow (outflow) from:		
Operating activities	\$ 582,639	\$ (410,005)
Investing activities	(33,067)	(187,293)
Financing activities	<u>617,078</u>	<u>(714,919)</u>
Net cash inflow (outflow)	<u>\$ 1,166,650</u>	<u>\$ (1,312,217)</u>
		(Concluded)

Ho-Ping Power Company

	December 31	
	2020	2019
Current assets	\$ 8,307,788	\$ 7,962,055
Non-current assets	28,361,144	29,913,098
Current liabilities	(2,749,424)	(5,278,137)
Non-current liabilities	<u>(3,197,644)</u>	<u>(3,388,757)</u>
Equity	<u>\$ 30,721,864</u>	<u>\$ 29,208,259</u>
Equity attributable to:		
Owners of Ho-Ping Power Company	\$ 18,429,651	\$ 17,521,488
Non-controlling interests of Ho-Ping Power Company	<u>12,292,213</u>	<u>11,686,771</u>
	<u>\$ 30,721,864</u>	<u>\$ 29,208,259</u>

	For the Year Ended December 31	
	2020	2019
Operating revenue	<u>\$ 14,119,957</u>	<u>\$ 14,402,352</u>
Net profit for the year	\$ 7,268,550	\$ 5,535,574
Other comprehensive income (loss) for the year	<u>29</u>	<u>(9,142)</u>
Total comprehensive income for the year	<u>\$ 7,268,579</u>	<u>\$ 5,526,432</u>
Profit attributable to:		
Owners of Ho-Ping Power Company	\$ 4,361,131	\$ 3,321,344
Non-controlling interests of Ho-Ping Power Company	<u>2,907,419</u>	<u>2,214,230</u>
	<u>\$ 7,268,550</u>	<u>\$ 5,535,574</u>
Total comprehensive income attributable to:		
Owners of Ho-Ping Power Company	\$ 4,361,147	\$ 3,315,859
Non-controlling interests of Ho-Ping Power Company	<u>2,907,432</u>	<u>2,210,573</u>
	<u>\$ 7,268,579</u>	<u>\$ 5,526,432</u>
		(Continued)

	For the Year Ended December 31	
	2020	2019
Net cash inflow (outflow) from:		
Operating activities	\$ 9,800,045	\$ 7,836,324
Investing activities	(1,436,935)	(45,939)
Financing activities	<u>(8,093,594)</u>	<u>(7,065,521)</u>
Net cash inflow	<u>\$ 269,516</u>	<u>\$ 724,864</u>
Dividends paid to non-controlling interests of Ho-Ping Power Company	<u>\$ 2,301,903</u>	<u>\$ 2,000,000</u> (Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in associates	<u>\$ 50,133,844</u>	<u>\$ 47,631,870</u>
Material associates		
Cimpor Global Holdings B.V.	\$ 28,748,060	\$ 27,832,897
Associates that are not individually material		
Prosperity Conch Cement Company Limited	7,247,911	5,813,901
International CSRC Investment Holdings Co., Ltd.	6,249,094	6,286,309
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,742,842	1,700,788
TCC Recycle Energy Technology Company	1,726,025	1,806,253
CCC USA Corp.	1,679,436	1,724,538
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,140,060	1,117,517
ONYX Ta-Ho Environmental Services Co., Ltd.	815,179	818,277
Sichuan Taichang Building Material Group Company Limited	488,397	184,793
Hong Kong Concrete Co., Ltd.	151,692	179,471
Quon Hing Concrete Co., Ltd.	130,615	160,245
Synpac Ltd.	6,539	6,881
Guigang Conch-TCC New Material Technology Co., Ltd	4,065	-
Guangan TCC Jiuyuan Environmental Protection Technology Co., Ltd.	3,929	-
E-ONE Moli Energy Corporation	-	-
Shih Hsin Storage & Transportation Co., Ltd.	-	-
Chia Huan Tung Cement Corporation	-	-
	<u>\$ 50,133,844</u>	<u>\$ 47,631,870</u>

For the amounts of the Group's investments accounted for using the equity method provided as loan guarantees, refer to Note 31.

a. Material associates

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

Refer to Table for information on the nature of activities, principal place of business and country of incorporation of Cimpor Global Holdings B.V. and other investees.

Cimpor Global Holdings B.V (formerly known as Dutch OYAK TCC Holdings B.V.) is a joint venture company established by Taiwan Cement Dutch and Ordu Yardimlasma Kurumu in November 2018, and the Group obtained 40% of the equity of the joint venture company to indirectly acquire the cement investment projects in areas such as Turkey. These were subsequently completed at the end of October 2019, and the transaction price increased by \$227,626 thousand (included in other payables to related parties).

The financial information of material associates, which reflected the adjustments made when adopting the equity method of accounting, was summarized as follows:

Cimpor Global Holdings B.V.

	December 31	
	2020	2019
Current assets	\$ 21,428,951	\$ 16,806,980
Non-current assets	62,427,768	64,433,834
Current liabilities	(15,901,917)	(11,714,622)
Non-current liabilities	(12,355,266)	(14,600,541)
Non-controlling interests	<u>(9,159,987)</u>	<u>(9,735,582)</u>
Equity attributable to the Group	<u>\$ 46,439,549</u>	<u>\$ 45,190,069</u>
Proportion of the Group's ownership	40%	40%
Equity attributable to the Group	\$ 18,575,820	\$ 18,076,028
Goodwill	<u>10,172,240</u>	<u>9,756,869</u>
Carrying amounts	<u>\$ 28,748,060</u>	<u>\$ 27,832,897</u>
	For the Year Ended December 31	
	2020	2019
Operating revenue	<u>\$ 24,994,515</u>	<u>\$ 17,136,039</u>
Net income for the year	\$ 2,144,866	\$ 348,035
Other comprehensive loss	<u>(2,881,463)</u>	<u>(647,263)</u>
Total comprehensive loss for the year	<u>\$ (736,597)</u>	<u>\$ (299,228)</u>

b. Aggregate information of associates that are not individually material

	Proportion of Ownership	
	December 31	
	2020	2019
Prosperity Conch Cement Company Limited	25.0%	25.0%
International CSRC Investment Holdings Co., Ltd. (Note 3)	19.2%	19.2%
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
TCC Recycle Energy Technology Company (Note 2)	29.7%	29.7%
CCC USA Corp.	33.3%	33.3%
BaoShen & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%
Sichuan Taichang Building Material Group Company Limited (Note 6)	30.0%	30.0%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%
Quon Hing Concrete Co., Ltd.	50.0%	50.0%
Synpac Ltd.	25.0%	25.0%
Guigang Conch-TCC New Material Technology Co., Ltd. (Note 4)	40.0%	-
Guangan TCC Jiuyuan Environmental Protection Technology Co., Ltd. (Note 5)	45.0%	-
Yingjing Xinan New material Co., Ltd. (Note 6)	30.0%	-
E-ONE Moli Energy Corporation (Notes 1 and 2)	-	-
Shih Hsin Storage & Transportation Co., Ltd. (Note 3)	-	-
Chia Huan Tung Cement Corporation (Note 3)	-	-
For the Year Ended December 31		
	2020	2019
The Group's share of:		
Net income for the year	\$ 2,438,386	\$ 2,517,673
Other comprehensive loss	(129,665)	(82,548)
Total comprehensive income for the year	<u>\$ 2,308,721</u>	<u>\$ 2,435,125</u>

Note 1: The Group paid \$943,391 thousand to acquire the additional shares of E-ONE Moli Energy Corporation in January 2019, and its percentage of ownership decreased from 29.9% to 28.1% because the Group did not subscribe for new shares issued by its investee based on its percentage of ownership interest. The Group entered into a share swap agreement with TCC Recycle Energy Technology Company, refer to Note 2 for the details.

Note 2: The Group invested \$1,000 thousand for the establishment of TCC Recycling Energy Company in June 2019. TCC Recycle Energy Technology Company increased its capital in August 2019. As the Group invested \$340,200 thousand, which was based on its percentage of ownership, its percentage of ownership decreased from 100% to 32.5%. In August 2019, the board of directors of both TCC Recycle Energy Technology Company and E-ONE Moli Energy Corp. resolved to enter into a share swap agreement according to the Business Mergers and Acquisitions Act, under which TCC Recycle Energy Technology Company shall issue preferred shares A which are to be converted into ordinary shares of E-ONE Moli Energy Corp. at the ratio of 1:1. In the fourth quarter of 2019, the Group chose to fully convert the ordinary shares of E-ONE Moli Energy Corp. into the preferred shares A of TCC Recycling Energy Company with a book value of \$1,541,505 thousand, and converted them into ordinary shares at the ratio of 1:1 in accordance with the terms and conditions for the issuance of preferred shares. Thus, the Group's percentage of ownership in TCC Recycling Energy Company decreased from 32.5% to 29.7%.

- Note 3: The Group's ownership percentage in International CSRC Investment Holdings Co., Ltd. is less than 20%; however, the Group has significant influence and therefore accounts for the investment by using the equity method. In May 2019, HKC Investments Ltd. transferred the equity of Chia Huan Tung Cement Corporation amounting to \$25,002 thousand to Union Cement Traders Inc. Chia Huan Tung Cement Corporation was in the process of liquidation at the end of 2019, and \$38,088 thousand has been included in other receivables - related parties, loss on disposal was \$5,297 thousand, and liquidation was completed at the end of 2020. Shih Hsin Storage & Transportation Co., Ltd. was liquidated at the end of 2019 and the liquidation refund of \$41,191 thousand has been received. In addition, \$1,813 thousand was included in other receivables - related parties, loss on disposal was \$2,203 thousand, and liquidation was completed at the end of 2020.
- Note 4: The Group participated in the investment in Guigang Conch-TCC New Material Technology Co., Ltd. in 2020. The proportion of the Group's ownership was 40%, and the investment price was \$5,023 thousand.
- Note 5: The Group participated in the investment in Guangan TCC Jiuyuan Environmental Protection Technology Co., Ltd. in 2020. The proportion of the Group's ownership was 45%, and the investment price was \$3,731 thousand.
- Note 6: Sichuan Taichang Building Material Group Company Limited has adjusted its internal organizational structure and transferred its 30% equity interest in Yingjing Company to the consolidated company. The Group generated a credit balance for the equity method of investment due to the recognition of the investment loss of Yingjing Company. It was recognized by the Group under other non-current liabilities \$167,446 thousand on December 31, 2020.

The Group holds less than 50% of the issued share capital of some associates, but it is the single largest shareholder. Considering the voting rights of the other shareholders, the shareholding spread is not significant. Therefore, the Group is not in a position to dominate certain company-related activities and therefore has no control over them. The Group's management considers that it does exercise significant influence over those companies; thus, the Group accounts for them as associates and adopts equity method of accounting.

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 were based on the associates' audited financial statements for the same years then ended except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considered that there would be no significant adjustments if such financial statements were to be audited.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<i>Cost</i>						
Balance at January 1, 2019	\$ 20,665,249	\$ 49,617,176	\$ 93,508,387	\$ 12,720,984	\$ 5,296,642	\$ 181,808,438
Additions	11,277	119,256	1,079,643	4,530,745	2,486,059	8,226,980
Disposals	-	(283,142)	(551,950)	(2,329,013)	(25,402)	(3,189,507)
Reclassification	-	193,802	798,928	161,848	(1,111,047)	43,531
Effects of exchange rate changes	-	(1,185,594)	(1,915,847)	(152,765)	(129,873)	(3,384,079)
Balance at December 31, 2019	<u>\$ 20,676,526</u>	<u>\$ 48,461,498</u>	<u>\$ 92,919,161</u>	<u>\$ 14,931,799</u>	<u>\$ 6,516,379</u>	<u>\$ 183,505,363</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
Accumulated depreciation and impairment						
Balance at January 1, 2019	\$ 274,188	\$ 16,786,251	\$ 63,935,522	\$ 9,636,947	\$ 81,705	\$ 90,714,613
Disposals	-	(69,083)	(400,424)	(2,035,170)	-	(2,504,677)
Depreciation expenses	-	1,449,595	4,467,167	273,275	-	6,190,037
Impairment losses	-	55,914	580,062	138,808	-	774,784
Reclassification	-	778	650	(1,428)	-	-
Effects of exchange rate changes	-	(364,671)	(1,134,445)	(48,689)	(2,908)	(1,550,713)
Balance at December 31, 2019	<u>\$ 274,188</u>	<u>\$ 17,858,784</u>	<u>\$ 67,448,532</u>	<u>\$ 7,963,743</u>	<u>\$ 78,797</u>	<u>\$ 93,624,044</u>
Carrying amounts at December 31, 2019	<u>\$ 20,402,338</u>	<u>\$ 30,602,714</u>	<u>\$ 25,470,629</u>	<u>\$ 6,968,056</u>	<u>\$ 6,437,582</u>	<u>\$ 89,881,319</u>
Cost						
Balance at January 1, 2020	\$ 20,676,526	\$ 48,461,498	\$ 92,919,161	\$ 14,931,799	\$ 6,516,379	\$ 183,505,363
Additions	2,069,883	223,780	1,426,047	458,863	3,424,908	7,603,481
Disposals	(18,843)	(34,917)	(846,546)	(323,847)	-	(1,224,153)
Reclassification	1,383,983	270,425	1,469,518	135,124	(2,272,981)	986,069
Effects of exchange rate changes	-	470,363	804,422	(131,103)	74,876	1,218,558
Balance at December 31, 2020	<u>\$ 24,111,549</u>	<u>\$ 49,391,149</u>	<u>\$ 95,772,602</u>	<u>\$ 15,070,836</u>	<u>\$ 7,743,182</u>	<u>\$ 192,089,318</u>
Accumulated depreciation and impairment						
Balance at January 1, 2020	\$ 274,188	\$ 17,858,784	\$ 67,448,532	\$ 7,963,743	\$ 78,797	\$ 93,624,044
Disposals	-	(27,222)	(750,860)	(279,877)	-	(1,057,959)
Depreciation expenses	-	1,356,231	4,028,862	635,287	-	6,020,380
Impairment losses	-	36,094	65,205	-	-	101,299
Reclassification	534,716	-	-	(280)	-	534,436
Effects of exchange rate changes	-	177,851	570,328	8,870	1,097	758,146
Balance at December 31, 2020	<u>\$ 808,904</u>	<u>\$ 19,401,738</u>	<u>\$ 71,362,067</u>	<u>\$ 8,327,743</u>	<u>\$ 79,894</u>	<u>\$ 99,980,346</u>
Carrying amounts at December 31, 2020	<u>\$ 23,302,645</u>	<u>\$ 29,989,411</u>	<u>\$ 24,410,535</u>	<u>\$ 6,743,093</u>	<u>\$ 7,663,288</u>	<u>\$ 92,108,972</u>

(Concluded)

The Group assessed that the related products of the chemical segment were affected by changes in market demand, and the sales were below expectation; therefore, at the end of 2020 and 2019, respectively, they recognized an impairment loss of \$51,656 thousand and \$700,302 thousand, respectively. The Group applied value in use to measure the recoverable amount of such equipment, and the discount rate before tax used were 18.21% and 17.3%, respectively.

For the years ended December 31, 2020 and 2019, the Group recognized impairment losses of \$49,643 thousand and \$74,482 thousand, respectively, after assessing that the recoverable amounts of part of its property, plant and equipment were zero due to factors such as idling as a result of decrease in market demand or natural disasters.

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

Buildings	
Main buildings	30-60 years
Main plants	16-50 years
Storage units	10-50 years
Others	20-50 years
Machinery and equipment	
Machinery and equipment	2-28 years
Miscellaneous equipment	
Miscellaneous equipment	2-20 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

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

	For the Year Ended December 31	
	2020	2019
Acquisitions of property, plant and equipment	\$ 7,603,481	\$ 8,226,980
Increase in prepayments for equipment	1,879,881	446,845
Decrease (increase) in payables for equipment	<u>89,079</u>	<u>(472,030)</u>
	<u>\$ 9,572,441</u>	<u>\$ 8,201,795</u>

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land (Note)	\$ 12,538,669	\$ 11,704,843
Buildings	658,456	808,408
Machinery	200,348	172,103
Other	<u>53,652</u>	<u>48,932</u>
	<u>\$ 13,451,125</u>	<u>\$ 12,734,286</u>

Note: The Group applied IFRS 16 “Lease” since 2019 and recognized prepaid lease payments for land use rights of lands located in China under right-of-use assets.

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 1,365,883</u>	<u>\$ 4,352,126</u>
Depreciation charge for right-of-use assets		
Land	\$ 519,581	\$ 426,081
Buildings	159,217	161,092
Machinery	103,135	92,275
Other	<u>21,075</u>	<u>18,059</u>
	<u>\$ 803,008</u>	<u>\$ 697,507</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 315,451</u>	<u>\$ 416,346</u>
Non-current	<u>\$ 1,978,361</u>	<u>\$ 2,073,806</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.79%-4.90%	1.79%-4.90%
Buildings	1.79%-4.75%	1.79%-4.75%
Machinery	1.21%-2.05%	1.21%-2.00%
Other	1.76%-4.75%	1.76%-4.75%

c. Material lease-in activities and terms

The Group leases certain land and buildings for use as plants and offices. The Group does not have bargain purchase options to acquire the leased premises at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 1,032,479</u>	<u>\$ 1,208,205</u>
Expenses relating to low-value asset leases	<u>\$ 1,698</u>	<u>\$ 622</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 218,917</u>	<u>\$ 203,057</u>
Total cash outflow for leases	<u>\$ (1,715,488)</u>	<u>\$ (1,657,786)</u>

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

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 6,806,831	\$ 1,362,550	\$ 8,169,381
Effects of exchange rate changes	<u>-</u>	<u>(491)</u>	<u>(491)</u>
Balance at December 31, 2019	<u>\$ 6,806,831</u>	<u>\$ 1,362,059</u>	<u>\$ 8,168,890</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 1,081,587	\$ 743,334	\$ 1,824,921
Depreciation expenses	-	21,943	21,943
Effects of exchange rate changes	<u>-</u>	<u>(183)</u>	<u>(183)</u>
Balance at December 31, 2019	<u>\$ 1,081,587</u>	<u>\$ 765,094</u>	<u>\$ 1,846,681</u>
Carrying amounts at December 31, 2019	<u>\$ 5,725,244</u>	<u>\$ 596,965</u>	<u>\$ 6,322,209</u>

(Continued)

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 6,806,831	\$ 1,362,059	\$ 8,168,890
Reclassification	(1,383,983)	-	(1,383,983)
Effects of exchange rate changes	<u>-</u>	<u>(1,201)</u>	<u>(1,201)</u>
Balance at December 31, 2020	<u>\$ 5,422,848</u>	<u>\$ 1,360,858</u>	<u>\$ 6,783,706</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 1,081,587	\$ 765,094	\$ 1,846,681
Depreciation expenses	-	20,770	20,770
Reclassification	(534,716)	-	(534,716)
Effects of exchange rate changes	<u>-</u>	<u>(463)</u>	<u>(463)</u>
Balance at December 31, 2020	<u>\$ 546,871</u>	<u>\$ 785,401</u>	<u>\$ 1,332,272</u>
Carrying amounts at December 31, 2020	<u>\$ 4,875,977</u>	<u>\$ 575,457</u>	<u>\$ 5,451,434</u>
			(Concluded)

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

The fair values of the investment properties were determined by independent qualified professional valuers or the Group's management using market prices of similar properties. As of December 31, 2020 and 2019, the fair values of investment properties were \$13,495,806 thousand and \$14,859,809 thousand, respectively.

The investment properties pledged as collateral for bank borrowings are set out in Note 31.

17. INTANGIBLE ASSETS

	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	-	-	95,248	11,013	106,261
Effects of exchange rate changes	<u>(384,835)</u>	<u>-</u>	<u>(109,738)</u>	<u>(14,528)</u>	<u>(509,101)</u>
Balance at December 31, 2019	<u>\$ 11,603,510</u>	<u>\$ 7,681,476</u>	<u>\$ 3,184,609</u>	<u>\$ 1,190,994</u>	<u>\$ 23,660,589</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2019	\$ 156,000	\$ 1,057,777	\$ 1,358,627	\$ 1,063,673	\$ 3,636,077
Amortization expenses	-	151,111	220,988	58,179	430,278
Effects of exchange rate changes	<u>-</u>	<u>-</u>	<u>(49,671)</u>	<u>(12,213)</u>	<u>(61,884)</u>
Balance at December 31, 2019	<u>\$ 156,000</u>	<u>\$ 1,208,888</u>	<u>\$ 1,529,944</u>	<u>\$ 1,109,639</u>	<u>\$ 4,004,471</u>
Carrying amounts at December 31, 2019	<u>\$ 11,447,510</u>	<u>\$ 6,472,588</u>	<u>\$ 1,654,665</u>	<u>\$ 81,355</u>	<u>\$ 19,656,118</u>
					(Continued)

	Goodwill	Operational Concession	Mining Rights	Others	Total
<u>Cost</u>					
Balance at January 1, 2020	\$ 11,603,510	\$ 7,681,476	\$ 3,184,609	\$ 1,190,994	\$ 23,660,589
Additions	-	-	29,675	16,976	46,651
Reclassification	-	-	80,429	281	80,710
Effects of exchange rate changes	<u>181,268</u>	<u>-</u>	<u>40,865</u>	<u>(5,082)</u>	<u>217,051</u>
Balance at December 31, 2020	<u>\$ 11,784,778</u>	<u>\$ 7,681,476</u>	<u>\$ 3,335,578</u>	<u>\$ 1,203,169</u>	<u>\$ 24,005,001</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2020	\$ 156,000	\$ 1,208,888	\$ 1,529,944	\$ 1,109,639	\$ 4,004,471
Amortization expenses	-	151,111	213,378	56,436	420,925
Effects of exchange rate changes	<u>-</u>	<u>-</u>	<u>20,533</u>	<u>(4,888)</u>	<u>15,645</u>
Balance at December 31, 2020	<u>\$ 156,000</u>	<u>\$ 1,359,999</u>	<u>\$ 1,763,855</u>	<u>\$ 1,161,187</u>	<u>\$ 4,441,041</u>
Carrying amounts at December 31, 2020	<u>\$ 11,628,778</u>	<u>\$ 6,321,477</u>	<u>\$ 1,571,723</u>	<u>\$ 41,982</u>	<u>\$ 19,563,960</u>
					(Concluded)

The above items of intangible assets with finite useful lives are amortized on a straight-line basis over their useful lives as follows:

Operational concession	50 years
Mining rights	30-50 years
Others	3-17 years

18. BORROWINGS

a. Short-term loans

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Secured borrowings		
Bank loans	<u>\$ 100,000</u>	<u>\$ 150,000</u>
Unsecured borrowings		
Bank loans - unsecured	33,867,794	29,899,542
Bank loans - letters of credit	<u>707,660</u>	<u>395,506</u>
	<u>34,575,454</u>	<u>30,295,048</u>
	<u>\$ 34,675,454</u>	<u>\$ 30,445,048</u>
Interest rate	0.62%-1.15%	0.82%-4.35%

b. Short-term bills payable

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Commercial paper	\$ 6,250,000	\$ 5,880,000
Less: Unamortized discount on bills payable	<u>2,971</u>	<u>4,602</u>
	<u>\$ 6,247,029</u>	<u>\$ 5,875,398</u>
Interest rate	0.85%-1.15%	0.96%-1.24%

c. Long-term loans and long-term bills payable

	December 31	
	2020	2019
Secured borrowings	\$ 5,278,160	\$ 4,112,790
Unsecured borrowings	<u>24,525,321</u>	<u>28,064,383</u>
	29,803,481	32,177,173
Less: Current portions	<u>4,805,000</u>	<u>1,624,138</u>
	<u>\$ 24,998,481</u>	<u>\$ 30,553,035</u>
Long-term bills payable	\$ 5,000,000	\$ 11,828,000
Less: Discount on long-term bills payable	<u>8,673</u>	<u>27,034</u>
	<u>\$ 4,991,327</u>	<u>\$ 11,800,966</u>
Interest rate - long-term bank loans	1.01%-1.89%	1.40%-2.90%
Interest rate - long-term bills payable	1.19%	1.32%-1.50%

Long-term loans consist of unsecured borrowings, secured borrowings and earmarked loans. The principals of long-term unsecured and secured borrowings are due in September 2027, and the interests are paid monthly. The principals of earmarked loans are due in December 2025, and the interests are paid monthly or quarterly.

The long-term bills payable is a commercial promissory note signed in 2018 with the banking group for a five-year period, which will be repaid at the expiration of the contract.

According to the syndicated loan agreement, if the subsidiary, Taiwan Prosperity Chemical Corporation, fails to meet the financial ratio requirements based on the financial data in the semi-annual or annual financial reports, the Corporation should improve its financial ratios within 6 months from the public announcement date of the semi-annual or annual financial reports; if an improvement is made within the aforementioned period, the Corporation would not be deemed as violating the financial covenants. The Corporation violated the above financial ratio requirements in 2019, but it has obtained a waiver from the credit bank in May 2020 to be exempt from the above-mentioned violation of financial ratio requirements, as well as from reviewing the Corporation's relevant financial ratios based on its financial reports from 2019 to 2021.

Except as stated above, the Group did not violate the financial covenants of other long-term loans and long-term bills payable.

19. BONDS PAYABLE

	December 31	
	2020	2019
Domestic unsecured bonds	\$ 44,600,000	\$ 24,600,000
Less: Discount on bonds payable	<u>83,620</u>	<u>55,240</u>
	<u>44,516,380</u>	<u>24,544,760</u>
Overseas unsecured convertible bonds	10,308,070	12,663,477
Less: Discount on bonds payable	<u>927,080</u>	<u>1,508,459</u>
	<u>9,380,990</u>	<u>11,155,018</u>
	<u>\$ 53,897,370</u>	<u>\$ 35,699,778</u>

On September 16, 2020, the board of directors of the Corporation resolved to issue domestic unsecured bonds which have the face value of no more than NT\$10,000,000 thousand or issue overseas unsecured bonds which have the face value of no more than US\$330,000 thousand. The above plans can be executed alternatively or both. As of the date the consolidated financial statements were authorized for issue, the Corporation has not issued any of the abovementioned bonds.

On September 16, 2020, the board of directors of the Corporation resolved to issue domestic green or social responsibility unsecured bonds at the price not exceeding NT\$15,000,000 thousand (or its equivalent in US dollars) denominated in TWD or USD; issue overseas green or social responsibility unsecured bonds denominated in USD; or deal overseas private placement of green or social responsibility unsecured bonds. The above plans can be executed alternatively or all at the same time. As of the date the consolidated financial statements were authorized for issue, the Corporation has not issued any of the abovementioned bonds.

a. Domestic unsecured bonds

The Corporation issued domestic unsecured bonds at par value in the aggregate amount of NT\$12,000,000 thousand on June 21, 2018, with a fixed coupon rate of 1.7% per annum. The bonds have a maturity period of 15 years, and a one-off payment of principal should be made in full on June 21, 2033 and with interest paid annually.

The Corporation issued domestic unsecured bonds at par value in the aggregate amount of NT\$12,600,000 thousand on June 14, 2019, with a fixed coupon rate of 0.85% per annum. The bonds have a maturity period of 5 years, and a one-off payment of principal should be made in full on June 14, 2024 and with interest paid annually.

The Corporation issued domestic unsecured bonds at par value in the aggregate amount of \$20,000,000 thousand on April 15, 2020. According to the issuance conditions, the unsecured bonds are classified into bonds A and bonds B, with a fixed coupon rate of 0.69% and 0.93% per annum, and with the issuance amounts of \$5,200,000 thousand and \$14,800,000 thousand, respectively. The bonds will be repaid in a one-off payment on April 15, 2027 and April 15, 2035, respectively, while the interests will be paid annually.

b. Overseas unsecured convertible bonds

In June 2018, the Corporation's board of directors resolved to issue overseas unsecured convertible bonds for the first time. This proposal was approved and became effective under the letter issued by the Financial Supervisory Commission ("FSC") dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 10703258532). The bonds which have durations of 5 years were listed on the Singapore Stock Exchange on December 10, 2018. This zero-coupon overseas convertible bonds have a face value of US\$400,000 thousand.

Bondholders may request the Corporation to convert the bonds into the Corporation's ordinary shares at the price of NT\$41 per share at any time within the period from the following day after three months from the issuance date to 10 days prior to maturity date. The conversion price after the issuance of convertible corporate bonds will be adjusted according to the anti-dilution clause of the 2018 First Overseas Unsecured Convertible Bonds Issuance and Conversion Rules of the Corporation. The conversion price have been adjusted from NT\$41 per share to NT\$35.49 per share and from NT\$35.49 per share to NT\$31.93 per share since August 19, 2019 and August 18, 2020, i.e. the ex-dividend date. Bondholders can request the Corporation to convert the bonds at the fixed exchange rate of US\$1= NT\$30.878, which is to be divided by the conversion price per share on the conversion date. As of the December 31, 2020, a total of 71,755 thousand shares had been converted.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 3.27% per annum on initial recognition.

	December 31, 2020
Proceeds from issuance (less transaction costs of \$103,353 thousand)	\$ 12,247,847
Redemption of option derivatives (accounting for financial liabilities measured at FVTPL) and transaction costs	(159,222)
Equity component (less transaction costs allocated to the equity component of \$11,038 thousand)	<u>(1,308,070)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$90,971 thousand)	10,780,555
Interest charged at an effective interest rate of 3.27%	<u>20,294</u>
Liability component at December 31, 2018	10,800,849
Interest charged at an effective interest rate of 3.27%	<u>354,169</u>
Liability component at December 31, 2019	11,155,018
Interest charged at an effective interest rate of 3.27%	358,292
Convertible bonds converted to ordinary shares (71,755 thousand shares has been converted)	<u>(2,132,320)</u>
Liability component at December 31, 2020	<u><u>\$ 9,380,990</u></u>

20. OTHER PAYABLES

	December 31	
	2020	2019
Salaries and bonuses payable	\$ 2,583,574	\$ 2,622,388
Deposits and retention money	1,126,321	988,210
Taxes payable	869,035	1,332,528
Payables for equipment	845,305	940,080
Payables for electricity	468,672	422,941
Freight payables	387,098	388,269
Interest payable	348,060	248,728
Others	<u>4,033,564</u>	<u>4,047,467</u>
	<u><u>\$ 10,661,629</u></u>	<u><u>\$ 10,990,611</u></u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Corporation's subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China. These subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plan

The defined benefit plan adopted by the Corporation and its subsidiaries in the Republic of China, which is in accordance with the Labor Standards Law, is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to a specified percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ (1,065,946)	\$ (1,109,834)
Fair value of plan assets	<u>2,565,126</u>	<u>2,446,775</u>
	<u>\$ 1,499,180</u>	<u>\$ 1,336,941</u>
Net defined benefit asset	<u>\$ 1,572,025</u>	<u>\$ 1,434,342</u>
Net defined benefit liability	<u>\$ 72,845</u>	<u>\$ 97,401</u>

Movements in net defined benefit asset were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2019	<u>\$ (1,114,251)</u>	<u>\$ 1,903,384</u>	<u>\$ 789,133</u>
Service costs			
Current service costs	(6,890)	-	(6,890)
Net interest income (expense)	<u>(11,212)</u>	<u>19,087</u>	<u>7,875</u>
Recognized in profit or loss	<u>(18,102)</u>	<u>19,087</u>	<u>985</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	451,400	451,400
Actuarial loss - changes in demographic assumptions	(967)	-	(967)
Actuarial loss - changes in financial assumptions	(31,822)	-	(31,822)
Actuarial loss - experience adjustments	<u>(15,721)</u>	<u>-</u>	<u>(15,721)</u>
Recognized in other comprehensive income (loss)	<u>(48,510)</u>	<u>451,400</u>	<u>402,890</u>
Contributions from the employer	-	143,905	143,905
Benefits paid	71,001	(71,001)	-
Others	<u>28</u>	<u>-</u>	<u>28</u>
Balance at December 31, 2019	<u>(1,109,834)</u>	<u>2,446,775</u>	<u>1,336,941</u>

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Service costs			
Current service costs	\$ (5,336)	\$ -	\$ (5,336)
Net interest income (expense)	(7,344)	15,610	8,266
Recognized in profit or loss	<u>(12,680)</u>	<u>15,610</u>	<u>2,930</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	156,394	156,394
Actuarial loss - changes in demographic assumptions	(52)	-	(52)
Actuarial loss - changes in financial assumptions	(22,691)	-	(22,691)
Actuarial loss - experience adjustments	<u>(7,654)</u>	<u>-</u>	<u>(7,654)</u>
Recognized in other comprehensive income (loss)	<u>(30,397)</u>	<u>156,394</u>	<u>125,997</u>
Contributions from the employer	-	30,613	30,613
Benefits paid	84,266	(84,266)	-
Others	<u>2,699</u>	<u>-</u>	<u>2,699</u>
Balance at December 31, 2020	<u>\$ (1,065,946)</u>	<u>\$ 2,565,126</u>	<u>\$ 1,499,180</u> (Concluded)

Through the defined benefit plan under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rates	0.38%-0.50%	0.63%-0.88%
Long-term average rates of salary increase	1.50%-2.25%	1.50%-2.25%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	2019
Discount rates		
0.25% increase	<u>\$ (21,483)</u>	<u>\$ (22,965)</u>
0.25% decrease	<u>\$ 22,160</u>	<u>\$ 23,716</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 21,406</u>	<u>\$ 22,955</u>
0.25% decrease	<u>\$ (20,865)</u>	<u>\$ (22,346)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 13,756</u>	<u>\$ 12,600</u>
The average duration of the defined benefit obligation	7-13 years	7-13 years

22. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>7,000,000</u>	<u>7,000,000</u>
Shares authorized	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>5,741,401</u>	<u>5,465,619</u>
Shares issued	<u>\$ 57,414,007</u>	<u>\$ 54,656,192</u>

A holder of issued ordinary shares with par value of NT\$10 is entitled to the proportional rights to vote and to receive dividends. The authorized include common shares and preferred shares containing 60,000 thousand units retained for the exercise of employee share options.

The Corporation's shareholders resolved to distribute share dividends of \$2,728,810 thousand and \$3,575,593 thousand in June 2020 and 2019, respectively, which were approved by the FSC. The subscription base dates were August 18, 2020 and August 19, 2019 as determined by the board of directors.

The Corporation changes in the number of issued shares included the conversion of convertible bonds and the distribution of share dividends.

2) Preference shares

In June 2018, the Corporation's board of directors resolved to increase cash capital by issuing preference shares for the second time, which was approved by the FSC under letter dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 1070325853), and the record date of capital increase was determined as of December 13, 2018, it was expected to issue 200,000 thousand shares with a face value of \$10 per share at the issue price of NT\$50 per share, with 3.5% coupon per annum (based on a five-year term 0.9375% IRS interest rate + 2.5625% fixed interest rate). Five-year term IRS interest rate will be reset on the next business day of the expiry of the five-year period from the date of issue and every five years thereafter. The shareholders of the second preference shares do not have the right to vote and to elect in the shareholders meeting but can be elected as directors. The Corporation has full discretion on the dividend distribution of the second preference shares. If there is no surplus or insufficient surplus to pay the preference share dividends upon the close of current fiscal year, the Corporation's resolution to cancel the distribution of preference share dividends will not constitute an event of default or a termination event in a contract. Preference share dividends are non-accumulative, and dividends that are not distributed or distributed in excess are not accumulated in the future year with deferred annual repayment. There is no maturity of the Corporation's second preference shares, but the Corporation may recover whole or part of the second preference shares at the actual issue price from the day following the five-year period from the issue date. The preference shares may not be converted to ordinary shares, and the preference shareholders do not have the rights to require the Corporation to redeem the preference shares they hold.

3) Certificate of entitlement to new shares form convertible bonds

	December 31	
	2020	2019
Number of shares requested for conversion but change in registration has not yet been completed (in thousands)	<u>68,854</u>	<u>-</u>
Shares requested for conversion but change in registration has not yet been completed (in thousands)	<u>\$ 688,542</u>	<u>\$ -</u>

The Corporation would complete the related corporate registrations after the issuance of new stocks on the base date of capital increase in accordance with the regulations.

b. Capital surplus

	December 31	
	2020	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
Conversion of bonds	3,174,361	1,520,632
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	22,400	466,784
Treasury share transactions	204,691	204,127
Donations	31,537	31,537
		(Continued)

	December 31	
	2020	2019
<u>May only be used to offset a deficit (Note 2)</u>		
Changes in percentage of ownership interests in subsidiaries	\$ 116,238	\$ 116,238
Forfeited share options	13,542	10,695
Dividends distributed by subsidiaries not yet received by shareholders	2,510	2,161
<u>May not be used for any purpose</u>		
Equity component of convertible bond	1,064,769	1,308,070
Changes in interests in associates accounted for using the equity method	<u>316,035</u>	<u>179,336</u>
	<u>\$ 49,122,450</u>	<u>\$ 48,015,947</u>
		(Concluded)

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus).

Note 2: Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions, other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 23(c): Net Income - employees' compensation and remuneration of directors.

In addition to the capital-intensive, mature and stable production and marketing of cement and cement-related products, the Corporation aggressively pursues diversification. For the development of diversified investments or other important capital budgeting plans, the Corporation decided that the payout ratio of cash dividend is to be at least 20% of the total dividends to be distributed to ordinary shareholders; the rest will be paid in share dividends.

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

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's share capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's share capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' general meetings in June 2020 and 2019, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Legal reserve	\$ 2,448,745	\$ 2,118,082		
Cash dividends on preference shares	350,000	18,219	<u>\$ 1.75</u>	<u>\$ 0.09</u>
Cash dividends on ordinary shares	13,644,048	16,856,367	<u>\$ 2.50</u> (Note 1)	<u>\$ 3.30</u> (Note 1)
Share dividends on ordinary shares	2,728,810	3,575,593	<u>\$ 0.50</u> (Note 1)	<u>\$ 0.70</u> (Note 1)

Note 1: Given the transfer of treasury shares to employees has not been implemented and the registration amendment to the number of ordinary shares converted from outstanding overseas unsecured convertible bonds has not been completed, the total number of issued and outstanding shares does not reflect the actual situation. Therefore, the cash dividend was adjusted to \$2.50081632 per ordinary share and the share dividend was adjusted to \$0.50016326 per ordinary share.

Note 2: The number of ordinary shares outstanding was affected by the Corporation's purchase of treasury shares which has not been transferred to employees. Therefore, the cash dividend was adjusted to \$3.30513111 per ordinary share and the share dividend was adjusted to \$0.70108841 per ordinary share.

The appropriation of earnings for 2020 had been proposed by the Corporation's board of directors on March 19, 2021. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 2,530,555	
Dividends on preference shares	350,000	<u>\$ 1.75</u>
Cash dividends on ordinary shares	20,594,434	<u>\$ 3.50</u>

The appropriation of earnings for 2020 is subject to be approved by shareholder's general meeting in June 2021.

d. Special reserve

The Corporation appropriated to special reserve the amounts that were the same as the unrealized revaluation increment and cumulative translation adjustments transferred to retained earnings at the first-time adoption of IFRSs, which were \$10,454,422 thousand and \$2,709,369 thousand, respectively.

The special reserve appropriated at the first-time adoption of IFRSs relating to investment in properties other than land may be reversed according to the period of use. The special reserve relating to land may be reversed upon disposal or reclassification, and such special reserve of \$9,202 thousand and \$0 thousand was reversed for the years ended December 31, 2020 and 2019, respectively. The special reserve appropriated, due to currency translation adjustments for financial statements of foreign operations (including subsidiaries), shall be reversed based on the Corporation's disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (11,660,261)	\$ (5,037,221)
Recognized during the year		
Exchange differences on translating foreign operations	2,237,171	(4,745,389)
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>(100,486)</u>	<u>(1,877,651)</u>
Balance at December 31	<u>\$ (9,523,576)</u>	<u>\$ (11,660,261)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 35,395,116	\$ 24,074,566
Recognized during the year		
Unrealized gain (loss) - equity instruments	(4,617,447)	11,090,117
Share of profit or loss of associates and joint ventures	<u>(5,554)</u>	<u>230,433</u>
Other comprehensive income (loss) recognized in the year	(4,623,001)	11,320,550
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(101,298)</u>	<u>-</u>
Balance at December 31	<u>\$ 30,670,817</u>	<u>\$ 35,395,116</u>

3) Cash flow hedges

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ -	\$ 1,109
Gain (loss) on changes in the fair value of hedging instruments		
Exchange rate risk - spot exchange rate	129	(5,768)
Share from associates accounted for using the equity method	(250)	(1,109)
Transferred to initial carrying amount of hedged items	<u>(129)</u>	<u>5,768</u>
Balance at December 31	<u>\$ (250)</u>	<u>\$ -</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 14,777,799	\$ 15,837,946
Net income	2,892,084	1,244,009
Other comprehensive income (loss) in the period		
Exchange differences arising on translation of foreign operations	(17,980)	(46,714)
Unrealized gain (loss) on financial assets at FVTOCI	(85,759)	118,872
Gain (loss) on changes in fair value of hedging instruments	87	(3,846)
Remeasurement of defined benefit plan	(1,145)	(10,556)
Transferred to the initial carrying amount of hedged items	(87)	3,846
Changes in ownership interests of subsidiaries	(26,225)	-
Adjustments relating to changes in capital surplus of associates and joint ventures accounted for using the equity method	-	26
Dividends from claims extinguished by prescription transferred to capital surplus	57	-
Dividends paid by subsidiaries	(2,485,089)	(2,219,308)
Disposal or acquisitions of non-controlling interests in subsidiaries	<u>(295,506)</u>	<u>(146,476)</u>
Balance at December 31	<u>\$ 14,758,236</u>	<u>\$ 14,777,799</u>

g. Treasury shares

(In Thousands of Shares)

	For the Year Ended December 31	
	2020	2019
Number of shares at January 1	8,000	70
Increase during the period	4,000	8,000
Transferred to employees	<u>(478)</u>	<u>(70)</u>
Number of shares at December 31	<u>11,522</u>	<u>8,000</u>

The Corporation transferred 70 thousand shares to employees at the price of \$30.3 per share in the second quarter of 2019. The record date of employees' subscription for the shares was April 29, 2019. The Corporation had recognized the compensation costs of \$826 thousand on the grant date and recognized capital surplus - treasury shares transaction of \$402 thousand on the payment date. In May 2019, the Corporation's board of directors resolved to buy back 10,000 thousand treasury shares. The Corporation had repurchased 8,000 thousand shares as of the end of July 2019. To maintain shareholders' equity and in consideration of the employees' willingness to subscribe for the shares, as of July 2019, the repurchase of the shares was not yet completed, the average repurchase price was \$43.62, and the shares will be transferred to employees. The record date of employees' subscription was January 19, 2020. The Corporation had transferred 478 thousand shares to employees at the price of \$40.7 per share as of December 31, 2020. As a result, treasury shares decreased by \$20,868 thousand.

On March 20, 2020, the Corporation's board of directors resolved to purchase its ordinary shares from the market at prices between NT\$25.90 and NT\$61.95 per share with NT\$495,600 thousand as the total repurchase amount for 8,000 thousand shares. The execution has not been done as of May 2020 and the term has expired. In order to maintain shareholder's equity and consider the employee's willingness to subscribe the shares, 4,000 thousand shares were bought back and the average purchase price was \$42.9. The shares will be used for transfer to employees.

Under the Securities Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholder's rights on these shares, such as rights to dividends and to vote.

23. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by account		
Property, plant and equipment	\$ 6,020,380	\$ 6,190,037
Right-of-use assets	803,008	697,507
Investment properties	<u>20,770</u>	<u>21,943</u>
	<u>\$ 6,844,158</u>	<u>\$ 6,909,487</u>
An analysis of depreciation by function		
Operating costs	\$ 6,452,737	\$ 6,474,642
Operating expenses	390,572	433,989
Non-operating expenses	<u>849</u>	<u>856</u>
	<u>\$ 6,844,158</u>	<u>\$ 6,909,487</u>
An analysis of amortization of intangible assets by function		
Operating costs	\$ 372,820	\$ 379,676
Operating expenses	<u>48,105</u>	<u>50,602</u>
	<u>\$ 420,925</u>	<u>\$ 430,278</u>

b. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Retirement benefit plans		
Defined contribution plans	\$ 209,057	\$ 406,288
Defined benefit plans	<u>(2,930)</u>	<u>(985)</u>
	206,127	405,303
Share-based payments		
Equity-settled	4,808	826
Other employee benefits	<u>7,089,296</u>	<u>6,511,952</u>
Total of employee benefits expense	<u>\$ 7,300,231</u>	<u>\$ 6,918,081</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 4,923,324	\$ 5,086,005
Operating expenses	<u>2,376,907</u>	<u>1,832,076</u>
	<u>\$ 7,300,231</u>	<u>\$ 6,918,081</u>

c. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at the rates of 0.01%-3% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The total amount of employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which was approved by the Corporation's board of directors in March 2021 and 2020 as follows:

	For the Year Ended December 31	
	2020	2019
Employees' compensation	\$ 107,954	\$ 86,409
Remuneration of directors	256,965	245,432

For the year ended December 31, 2020, if there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors will be available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank borrowings	\$ 966,934	\$ 1,219,949
Interest on corporate bonds	793,471	616,160
Interest on lease liabilities	44,693	43,430
Other finance costs	<u>181,110</u>	<u>319,579</u>
	<u>\$ 1,986,208</u>	<u>\$ 2,199,118</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest	<u>\$ -</u>	<u>\$ 7,370</u>
Capitalization rate	-	1.05%-1.10%

e. Other income

	For the Year Ended December 31	
	2020	2019
Government grants	\$ 240,160	\$ 207,856
Service fees of endorsement and warranty	21,490	30,284
Net gain on disposal of investment	-	181,349
Others	<u>236,634</u>	<u>837,086</u>
	<u>\$ 498,284</u>	<u>\$ 1,256,575</u>

f. Other expenses

	For the Year Ended December 31	
	2020	2019
Loss on work stoppages	\$ 134,954	\$ 131,561
Others	<u>254,053</u>	<u>269,866</u>
	<u>\$ 389,007</u>	<u>\$ 401,427</u>

24. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 7,115,473	\$ 7,055,361
Income tax on unappropriated earnings	205,999	16,129
Adjustments for prior years	<u>(230,742)</u>	<u>(296,503)</u>
	<u>7,090,730</u>	<u>6,774,987</u>
Deferred tax		
In respect of the current period	<u>271,183</u>	<u>403,342</u>
Income tax expense recognized in profit or loss	<u>\$ 7,361,913</u>	<u>\$ 7,178,329</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2020	2019
Income before income tax	<u>\$ 35,353,306</u>	<u>\$ 32,633,419</u>
Income tax expense at the statutory rate	\$ 7,070,661	\$ 6,526,683
Non-deductible expenses in determining taxable income	157,246	325,050
Tax-exempt income	(888,036)	(1,083,539)
Unrecognized loss carryforwards and deductible temporary differences	(109,329)	555,622
Loss carryforwards utilized in the current year	(78,365)	(140,118)
Effects of different tax rate of subsidiaries operating in other jurisdictions	1,052,528	1,072,218
Income tax on unappropriated earnings	205,999	16,129
Adjustments for prior years	(230,742)	(296,503)
Others	<u>181,951</u>	<u>202,787</u>
Income tax expense recognized in profit or loss	<u>\$ 7,361,913</u>	<u>\$ 7,178,329</u>

In July 2019, the President of the ROC approved the announcement of the amendments to the Statute of Industrial Innovation, which stipulated that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in certain assets or technologies above a specific amount are allowed as deduction when computing the income tax on unappropriated earnings. The Group has already deducted the amount of capital expenditure from the unappropriated earnings that was reinvested when calculating the tax on unappropriated earnings.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
Deferred tax in the current year		
Remeasurement on defined benefit plan	<u>\$ 25,212</u>	<u>\$ 80,567</u>

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable (included in other receivables)	<u>\$ 54,412</u>	<u>\$ 82,716</u>
Current tax liabilities		
Current income tax liabilities	<u>\$ 3,914,955</u>	<u>\$ 4,443,343</u>

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets (included in other non-current assets) and deferred income tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
<u>Deferred income tax assets</u>					
Loss carryforwards	\$ 206,650	\$ 28	\$ -	\$ -	\$ 206,678
Allowance for impaired receivables	5,459	(5,459)	-	-	-
Defined benefit plan	29,409	(1,707)	(331)	-	27,371
Inventories	122,153	(853)	-	833	122,133
Others	267,392	12,675	-	(42)	280,025
	<u>\$ 631,063</u>	<u>\$ 4,684</u>	<u>\$ (331)</u>	<u>\$ 791</u>	<u>\$ 636,207</u>
<u>Deferred income tax liabilities</u>					
Land value increment tax	\$ 5,092,973	\$ (9,598)	\$ -	\$ -	\$ 5,083,375
Finance leases	3,253,903	(160,257)	-	-	3,093,646
Property, plant and equipment	1,383,077	103,631	-	16,663	1,503,371
Retained earnings from foreign subsidiaries	1,582,522	340,832	-	(151,981)	1,771,373
Defined benefit plan	264,339	2,089	24,881	-	291,309
Others	12,120	(830)	-	(94)	11,196
	<u>\$ 11,588,934</u>	<u>\$ 275,867</u>	<u>\$ 24,881</u>	<u>\$ (135,412)</u>	<u>\$ 11,754,270</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
<u>Deferred income tax assets</u>					
Loss carryforwards	\$ 206,168	\$ 482	\$ -	\$ -	\$ 206,650
Allowance for impaired receivables	16,778	(11,364)	-	45	5,459
Defined benefit plan	47,100	(21,372)	3,681	-	29,409
Inventories	116,351	8,079	-	(2,277)	122,153
Others	322,215	(50,057)	-	(4,766)	267,392
	<u>\$ 708,612</u>	<u>\$ (74,232)</u>	<u>\$ 3,681</u>	<u>\$ (6,998)</u>	<u>\$ 631,063</u>
<u>Deferred income tax liabilities</u>					
Land value increment tax	\$ 5,092,973	\$ -	\$ -	\$ -	\$ 5,092,973
Finance leases	3,308,698	(54,795)	-	-	3,253,903
Property, plant and equipment	1,305,545	112,094	-	(34,562)	1,383,077
Retained earnings from foreign subsidiaries	1,435,161	263,377	-	(116,016)	1,582,522
Defined benefit plan	176,920	3,171	84,248	-	264,339
Others	6,857	5,263	-	-	12,120
	<u>\$ 11,326,154</u>	<u>\$ 329,110</u>	<u>\$ 84,248</u>	<u>\$ (150,578)</u>	<u>\$ 11,588,934</u>

e. Unrecognized deferred income tax assets in respect of loss carryforwards

	December 31	
	2020	2019
Loss carryforwards		
Expire in 2020	\$ -	\$ 695,628
Expire in 2021	746,084	912,336
Expire in 2022	548,502	576,744
Expire in 2023	808,578	879,616
Expire in 2024	759,539	773,075
Expire in 2025	1,736,460	1,355,332
Expire in 2026	24,007	44,891
Expire in 2027	723,371	796,124
Expire in 2028	10,004	10,004
Expire in 2029	1,219,287	1,203,804
Expire in 2030	<u>627,648</u>	<u>-</u>
	<u>\$ 7,203,480</u>	<u>\$ 7,247,554</u>

f. Unused loss carryforwards information

Loss carryforwards as of December 31, 2020 were comprised of:

Unused Amount	Expiry Year
\$ 746,084	2021
548,502	2022
808,578	2023
759,539	2024
2,361,542	2025
416,757	2026
723,371	2027
22,878	2028
1,221,973	2029
<u>627,648</u>	2030
<u>\$ 8,236,872</u>	

g. Unrecognized deferred income tax liabilities in respect of investments

As of December 31, 2020 and 2019, the taxable temporary differences in respect of investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$84,233,708 thousand and \$67,415,446 thousand, respectively.

h. Income tax assessments

The information of income tax assessments for the Group is as follows:

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

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	\$ <u>4.32</u>	\$ <u>4.22</u>
Diluted earnings per share	\$ <u>4.09</u>	\$ <u>4.06</u>

The weighted average number of shares outstanding used in the earnings per share computation was adjusted retrospectively for the issuance of bonus shares on August 18, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	\$ <u>4.43</u>	\$ <u>4.22</u>
Diluted earnings per share	\$ <u>4.25</u>	\$ <u>4.06</u>

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

	For the Year Ended December 31	
	2020	2019
Net income (Note)	\$ 24,749,309	\$ 24,192,862
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds	<u>277,794</u>	<u>227,570</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 25,027,103</u>	<u>\$ 24,420,432</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in computation of basic earnings per share	5,735,314	5,734,273
Effect of potentially dilutive ordinary shares:		
Employees' compensation	3,070	2,368
Convertible bonds	<u>379,498</u>	<u>281,315</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>6,117,882</u>	<u>6,017,956</u>

Note: Preference share dividend of \$350,000 thousand and \$18,219 thousand of 2020 and 2019 were deducted.

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

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2020

- a. During 2020, the Group acquired a portion of the shares of Taiwan Cement Engineering Corporation, and the proportion of ownership increased from 99.0% to 99.2%.

Acquirer	Taiwan Cement Corporation
Acquiree	Taiwan Cement Engineering Corporation
Cash consideration paid	\$ (934)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>939</u>
Differences arising from equity transactions	<u>\$ 5</u>

Acquirer	Taiwan Cement Corporation
Acquiree	Taiwan Cement Engineering Corporation
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	\$ <u>5</u>
b. During 2020, the Group acquired a portion of the shares of Taiwan Prosperity Chemical Corporation, and the proportion of ownership increased from 42.5% to 73.6%.	

Acquirer	Taiwan Cement Corporation
Acquiree	Taiwan Prosperity 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 Prosperity Chemical Corporation
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	\$ <u>(444,392)</u>
c. During 2020, the Group acquired a portion of the shares of Taiwan Transport and Storage Corporation, and the proportion of ownership was 84.5%.	

Acquirer	Taiwan Cement Corporation
Acquiree	Taiwan Transport and Storage Corporation
Cash consideration paid	\$ (1)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>2</u>
Differences arising from equity transactions	\$ <u>1</u>

Acquirer	Taiwan Cement Corporation
	Taiwan Transport and Storage Corporation
Acquiree	
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	<u>\$ 1</u>
d. During 2020, the Group acquired a portion of the shares of Ta-Ho Maritime Corporation, and the proportion of ownership was 94%.	

Acquirer	Taiwan Transport and Storage Corporation
	Ta-Ho Maritime Corporation
Acquiree	
Cash consideration paid	\$ -
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>2</u>
Differences arising from equity transactions	<u>\$ 2</u>

Acquirer	Taiwan Transport and Storage Corporation
	Ta-Ho Maritime Corporation
Acquiree	

Line items adjusted for equity transactions

Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	<u>\$ 2</u>
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The above transactions were accounted for as equity transactions since there was no change in the Group's control over these subsidiaries.

For the year ended December 31, 2019

During 2019, the Group acquired a portion of the shares of Ta-Ho Maritime Corporation, and the proportion of ownership was 94%.

Acquirer		Taiwan Transport and Storage Corporation
Acquiree		Ta-Ho Maritime Corporation
Cash consideration paid		\$ (1,017)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests		<u>1,046</u>
Differences arising from equity transactions		<u>\$ 29</u>
Acquirer		Taiwan Transport and Storage Corporation
Acquiree		Ta-Ho Maritime 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>\$ 29</u>
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The above transactions were accounted for as equity transactions since there was no change in the Group's control over these subsidiaries.

27. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	\$ 30,445,048	\$ 4,533,158	\$ (302,752)	\$ 34,675,454
Long-term borrowings (including expired within a year)	<u>32,177,173</u>	<u>(2,181,761)</u>	<u>(191,931)</u>	<u>29,803,481</u>
	<u>\$ 62,622,221</u>	<u>\$ 2,351,397</u>	<u>\$ (494,683)</u>	<u>\$ 64,478,935</u>

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	\$ 26,226,051	\$ 4,364,712	\$ (145,715)	\$ 30,445,048
Long-term borrowings (including expired within a year)	<u>26,555,918</u>	<u>5,711,550</u>	<u>(90,295)</u>	<u>32,177,173</u>
	<u>\$ 52,781,969</u>	<u>\$ 10,076,262</u>	<u>\$ (236,010)</u>	<u>\$ 62,622,221</u>

28. CAPITAL MANAGEMENT

The Group needs to maintain sufficient capital to fulfill the Group's requirements of business expansion and construction. Therefore, the capital management of the Group shall focus on a comprehensive operational plan to ensure sound profitability and financial structure so as to fulfill the mid and long-term demand of working capital, capital expenditures, debts repayment and dividend distributions.

29. FINANCIAL INSTRUMENTS

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

December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 9,380,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,138,329</u>	<u>\$ 10,138,329</u>

December 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 11,155,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,695,351</u>	<u>\$ 11,695,351</u>

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives-put options and redemption options of convertible bond payables	\$ -	\$ -	\$ 17,092	\$ 17,092
Domestic listed shares	234,963	-	-	234,963
Domestic emerging market shares	<u>101,931</u>	<u>-</u>	<u>-</u>	<u>101,931</u>
	<u>\$ 336,894</u>	<u>\$ -</u>	<u>\$ 17,092</u>	<u>\$ 353,986</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 5,544,326	\$ -	\$ -	\$ 5,544,326
Foreign listed shares	24,664,109	-	-	24,664,109
Domestic unlisted shares	-	-	7,239,178	7,239,178
Convertible preference shares	<u>52,145</u>	<u>-</u>	<u>-</u>	<u>52,145</u>
	<u>\$ 30,260,580</u>	<u>\$ -</u>	<u>\$ 7,239,178</u>	<u>\$ 37,499,758</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives-put options and redemption options of convertible bond payables	\$ -	\$ -	\$ 1,235	\$ 1,235
Domestic listed shares	228,588	-	-	228,588
Domestic emerging market shares	96,909	-	-	96,909
Mutual funds	<u>175,273</u>	<u>-</u>	<u>-</u>	<u>175,273</u>
	<u>\$ 500,770</u>	<u>\$ -</u>	<u>\$ 1,235</u>	<u>\$ 502,005</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 7,126,288	\$ -	\$ -	\$ 7,126,288
Foreign listed shares	29,148,717	-	-	29,148,717
Domestic unlisted shares	-	-	6,971,622	6,971,622
Convertible preference shares	<u>54,457</u>	<u>-</u>	<u>-</u>	<u>54,457</u>
	<u>\$ 36,329,462</u>	<u>\$ -</u>	<u>\$ 6,971,622</u>	<u>\$ 43,301,084</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	For the Year Ended December 31, 2020
Financial assets at FVTOCI	
Equity instrument investment	
Balance at January 1, 2020	\$ 6,971,622
Additional	1
Recognized in other comprehensive income	321,524
Disposal	<u>(53,969)</u>
Balance at December 31, 2020	<u>\$ 7,239,178</u>
Financial assets at FVTPL	
Derivative instrument investment	
Balance at January 1, 2020 (included in financial liabilities at FVTPL)	\$ 1,235
Recognized in income	20,202
Convertible bonds converted into ordinary shares	<u>(4,345)</u>
Balance at December 31, 2020	<u>\$ 17,092</u>
	For the Year Ended December 31, 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	(54,457)
Recognized in other comprehensive income	1,113,577
Disposal	<u>(4,583)</u>
Balance at December 31, 2019	<u>\$ 6,971,622</u>
Financial assets at FVTPL	
Derivative instrument investment	
Balance at January 1, 2019 (included in financial liabilities at FVTPL)	\$ (139,460)
Recognized in income	<u>140,695</u>
Balance at December 31, 2019	<u>\$ 1,235</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

There were no quoted prices in active markets for put options and redemption options of ECB issued by the Corporation. Hence, the fair values of options are determined using the binomial option pricing model where the unobservable input is historical volatility. An increase in historical volatility used in isolation would result in an increase in the fair value. The historical volatility used was 23.69% and 14.67% on December 31, 2020 and 2019, respectively.

The Group measures the fair value of its investments on domestic and foreign unlisted shares by using the asset-based approach, the market approach, and the dividend discount model.

Under the asset-based approach, the total value of an investment is based on the fair value of its assets and liabilities. The significant unobservable inputs used are listed in the table below.

	December 31	
	2020	2019
Comprehensive discount for lack of marketability and non-controlling interests	10%	10%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2020	2019
Comprehensive discount for lack of marketability and non-controlling interests		
1% increase	<u>\$ (25,297)</u>	<u>\$ (25,400)</u>
1% decrease	<u>\$ 25,297</u>	<u>\$ 25,400</u>

The market approach involves comparing a target company with companies that have similar business models in the open market, similar selling prices of similar items, or similar past share prices to that of the target company. The significant unobservable inputs used are listed in the table below.

	December 31	
	2020	2019
Discount for lack of marketability	20%	20%-30%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2020	2019
Discount for lack of marketability		
1% increase	<u>\$ (2,932)</u>	<u>\$ (3,818)</u>
1% decrease	<u>\$ 2,932</u>	<u>\$ 3,818</u>

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

	December 31	
	2020	2019
Discount rate	6.1%	6.9%
Dividend growth rate	1.3%	1.4%
Discount for lack of marketability	10.0%	10.0%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2020	2019
Discount for lack of marketability		
1% increase	<u>\$ (52,570)</u>	<u>\$ (48,487)</u>
1% decrease	<u>\$ 52,570</u>	<u>\$ 48,487</u>

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified financial assets at FVTPL	\$ 353,986	\$ 502,005
Financial assets measured at amortized cost (1)	151,045,326	130,255,654
Financial assets at FVTOCI		
Equity instrument investment	37,499,758	43,301,084

Financial liabilities

Financial liabilities measured at amortized cost (2)	146,422,478	134,650,780
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- 1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables, other receivables-related parties, long-term finance lease receivables and finance lease receivables.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payables, notes and accounts payables, other payables (including related parties), bonds payable, long-term loans (including current portion), and long-term notes payable.

d. Financial risk management objectives and policies

The risk control and hedging strategy performed by the Group were affected by operation environments, and the Group adopted appropriate risk controls and hedging strategies according to its nature of business and risk diversification principles. These risks include market risk, credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The Group did not enter into or trade financial instruments for speculation.

1) Market risk

The Group's financial instruments were mainly comprised of mutual funds and listed shares, and these investments were subject to fluctuations in market prices. The Group has periodically evaluated the investment's performance, and no significant market risk was anticipated.

The Group signed coal purchasing contracts with the suppliers, and also purchased foreign currency bank deposit at the spot rate to avoid exchange rate exposure to its forecasted purchases. When the forecasted purchases take place, the amounts originally deferred and recognized in equity will be reclassified to the carrying amount of the materials purchased.

The Group entered into foreign exchange forward contracts to manage exposure to exchange rate fluctuations, including foreign currency risks of foreign-currency assets and liabilities and price fluctuation risks of forecasted transactions. Since the gain or loss generated from exchange rate fluctuations was mostly offset by the gains or losses of hedged items, the market price risk is expected to be insignificant.

a) Foreign currency risk

The foreign financial assets and liabilities were exposed to risk of foreign currency fluctuations. To lower foreign currency risk, the Group has established control mechanisms to immediately monitor its foreign currency position and exchange rate fluctuations.

To maximize the hedging effectiveness, the Group matched up the conditions of derivative instruments with those in the contracts of hedged items.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in after-tax profit or equity associated with the NTD/RMB/HKD strengthening 1% against the relevant currency.

	USD Impact		HKD Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
NTD	\$ (7,256)	\$ (10,034)	\$ -	\$ -
RMB	\$ (2,465)	\$ (9,835)	\$ (483)	\$ (433)
HKD	\$ 54,104	\$ 41,219	\$ -	\$ -

b) Interest rate risk

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

	December 31	
	2020	2019
Cash flow interest rate risk		
Financial assets	\$ 30,351,013	\$ 25,276,394
Financial liabilities	64,478,935	62,622,221

The interest risk was evaluated based on the position of financial assets and liabilities. The sensitivity analysis below was determined based on the Group's floating interest rate financial assets and liabilities at the end of the reporting period, and a 50 basis point increase or decrease was used, representing management's assessment of reasonably possible change in interest rates. The fair values of fixed interest rate financial assets and liabilities will change due to variances in market interest rates; the future cash flows of floating interest rate financial assets and financial liabilities will change due to variances in effective interest rates, which vary with market interest rates.

For the Group's position of floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the years ended December 31, 2020 and 2019 would increase/decrease by \$121,404 thousand and \$101,106 thousand, respectively.

For the Group's position of floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the years ended December 31, 2020 and 2019 would increase/decrease by \$257,916 thousand and \$250,489 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed shares and emerging market shares. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. Sensitivity analyses were used for evaluating the exposure to equity price risks.

The sensitivity analyses were based on the exposure of equity price at the end of reporting period. If equity instruments/commodity prices of financial assets at FVTPL had been 5% higher/lower, profit or loss for the years ended December 31, 2020 and 2019 would increase/decrease by \$16,845 thousand and \$25,039 thousand, respectively. If equity instruments/commodity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the years ended December 31, 2020 and 2019 would increase/decrease by \$1,874,988 thousand and \$2,165,054 thousand, respectively.

2) Credit risk

Potential impacts on financial assets would occur if the Group's counterparties breach financial instrument contracts, including impacts to the concentration of credit risk, components contractual amounts and other receivables.

As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Group transacted with a large number of customers from various industries and geographical locations. The Group continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Group also required credit enhancements by bank guarantees or collateral for certain customers or in certain geographical locations.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings which were assigned by international credit-rating agencies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of December 31, 2020 and 2019, the amount of unused financing facilities was \$116,754,202 thousand and \$98,765,259 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,072,780	\$ 15,698,938	\$ 2,863,365	\$ 126,164	\$ 1,633
Lease liabilities	75,157	104,347	390,405	1,766,586	2,049,825
Variable interest rate liabilities	6,893,570	28,248,879	5,207,790	25,561,821	71,565
Fixed interest rate liabilities	<u>250,000</u>	<u>6,000,000</u>	<u>484,620</u>	<u>29,739,450</u>	<u>35,080,160</u>
	<u>\$ 8,291,507</u>	<u>\$ 50,052,164</u>	<u>\$ 8,946,180</u>	<u>\$ 57,194,021</u>	<u>\$ 37,203,183</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 569,909</u>	<u>\$ 1,766,586</u>	<u>\$ 834,504</u>	<u>\$ 314,387</u>	<u>\$ 193,266</u>	<u>\$ 707,668</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 966,652	\$ 15,118,369	\$ 2,799,568	\$ 109,817	\$ 23,954
Lease liabilities	93,158	99,223	477,930	1,698,041	2,436,357
Variable interest rate liabilities	3,074,409	23,788,546	5,919,211	31,587,662	443
Fixed interest rate liabilities	<u>-</u>	<u>5,880,000</u>	<u>311,100</u>	<u>38,335,877</u>	<u>13,836,000</u>
	<u>\$ 4,134,219</u>	<u>\$ 44,886,138</u>	<u>\$ 9,507,809</u>	<u>\$ 71,731,397</u>	<u>\$ 16,296,754</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 670,311</u>	<u>\$ 1,698,041</u>	<u>\$ 1,084,320</u>	<u>\$ 306,089</u>	<u>\$ 192,158</u>	<u>\$ 853,790</u>

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group had transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pays the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face values of the transferred but unsettled bills receivable, and as of December 31, 2020 and 2019, the face values of these unsettled bills receivable were \$2,308,323 thousand and \$1,916,934 thousand, respectively. The unsettled bills receivable will be due in 11 months and 10 months, after December 31, 2020 and 2019, respectively. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During 2020 and 2019, the Group did not recognize gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are as follows:

a. Name of the related parties and relationships

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)
E-ONE Moli Energy (Canada) Ltd.	Subsidiary of associates
Onyx Ta-Ho Environmental Services Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd. (in the process of liquidation since December 2019, process of liquidation finished in 2020)	Associates
Chia Huan Tung Cement Corporation (in the process of liquidation since December 2019, process of liquidation finished in 2020)	Associates
Quon Hing Concrete Co., Ltd. (Quon Hing)	Associates
Prosperity Conch Cement Company Limited	Associates
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Hong Kong Concrete Co., Ltd.	Associates
International CSRC Investment Holdings Co., Ltd.	Associates

(Continued)

Related Party	Relationship with the Group
TCC Recycle Energy Technology Company	Associates
Cimpor Global Holding B.V. (formerly known as Dutch OYAK TCC Holdings B.V.)	Associates
Chia Hsin R.M.C. Corp. (Chia Hsin R.M.C.)	Management personnel in substance
The Koo Foundation	Management personnel in substance
Chia Hsin Cement Corporation (Chia Hsin Cement)	Management personnel in substance
L'Hotel de Chine Corporation (L'Hotel de Chine)	Management personnel in substance
FDC International Hotels Corporation	Management personnel in substance
Chia Hsin Prosperity Management and Development Corp.	Management personnel in substance
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Group
China Hi-Ment Corporation	The Group acts as key management personnel
Rong Gong Enterprise Co.	The Group acts as key management personnel
O-Bank Co., Ltd. (O-Bank)	The Group acts as key management personnel
Pan Asia Corporation	The Group acts as key management personnel
Ta-Ho Taitung Environment Co., Ltd. (in the process of liquidation since December 2019, process of liquidation finished in 2020)	The Group acts as key management personnel
CTCI Corporation (became related parties since May 2020)	The Group acts as key management personnel
CTCI Beijing	The Group acts as key management of its parent company
Chinatrust Investment Co., Ltd.	Same key management personnel
Consolidated Resource Company	Same key management personnel
CSRC China (Maanshan) Corporation	Same key management personnel
CSRC China (Anshan) Corporation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd. (dissolved and closed in March 2019)	Same key management personnel
China (Chongqing) Synthetic Rubber Corporation	Same key management personnel
Dr. Cecilla Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Continental Carbon India Ltd.	Same key management personnel
Linyuan Advanced Materials Technology Co., Ltd.	Same key management personnel
Fortune Quality investment Limited	Same key management personnel
Hualien County Ho-Ping Culture and Art Foundation	Same key management personnel
Sing Cheng Investment Co., Ltd.	Same key management personnel
Circular Commitment Company	Same key management personnel

(Concluded)

b. Operating transactions

	For the Year Ended December 31	
	2020	2019
<u>Sales</u>		
Associates	\$ 469,774	\$ 469,015
Management personnel in substance	458,162	480,709
The Group acts as key management personnel	256,835	212,002
Same key management personnel	172,070	165,703
Investors with significant influence over the Group	<u>33,515</u>	<u>148,286</u>
	<u>\$ 1,390,356</u>	<u>\$ 1,475,715</u>
<u>Purchases of goods and operating expenses</u>		
The Group acts as key management personnel	\$ 760,215	\$ 649,038
Management personnel in substance	73,908	68,916
Associates	59,360	109,227
Same key management personnel	50,169	142,308
Others	<u>161</u>	<u>725</u>
	<u>\$ 943,813</u>	<u>\$ 970,214</u>

Notes receivable and accounts receivable from related parties as of December 31, 2020 and 2019 were as follows:

	December 31	
	2020	2019
Associates		
Quon Hing Concrete	\$ 116,879	\$ 73,503
Others	<u>32,460</u>	<u>23,733</u>
	<u>149,339</u>	<u>97,236</u>
Management personnel in substance		
Chia Hsin Cement	73,133	83,580
Others	<u>1,831</u>	<u>2,361</u>
	<u>74,964</u>	<u>85,941</u>
The Group acts as key management personnel		
China Hi-Ment	29,638	46,702
Others	<u>3,036</u>	<u>22,407</u>
	<u>32,674</u>	<u>69,109</u>
Investors with significant influence over the Group		
Goldsun Development & Construction	-	31,978
Same key management personnel	<u>16,889</u>	<u>15,736</u>
	<u>\$ 273,866</u>	<u>\$ 300,000</u>

Accounts payables from related parties (included in notes and accounts payable) as of December 31, 2020 and 2019 were as follows:

	December 31	
	2020	2019
The Group acts as key management personnel	\$ 147,713	\$ 141,757
Associates	5,293	11,536
Same key management personnel	172	7,056
Others	<u>2,686</u>	<u>2,067</u>
	<u>\$ 155,864</u>	<u>\$ 162,416</u>

The price and terms of the above transactions were similar to those for third parties. Rentals of lease contracts with related parties were based on market prices and the payment terms were determined at arm's length.

c. Other receivables from related parties

	December 31	
	2020	2019
The Group acts as key management personnel		
Ta-Ho Taitung Environment Co., Ltd.	\$ -	\$ 341,280
Others	<u>-</u>	<u>4</u>
	<u>-</u>	<u>341,284</u>
Associates		
Quon Hing	1,653	1,732
E-ONE Moli Energy Corporation	1,031	3,735
International CSRC Investment Holdings Co., Ltd.	482	496
Others	<u>4</u>	<u>40,242</u>
	<u>3,170</u>	<u>46,205</u>
Others	<u>615</u>	<u>1,317</u>
	<u>\$ 3,785</u>	<u>\$ 388,806</u>

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

d. Other payables to related parties

	December 31	
	2020	2019
Associates		
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	\$ 3,929	\$ 3,875
Cimpor Global Holdings B.V.	-	227,626
Others	<u>69</u>	<u>264</u>
	<u>3,998</u>	<u>231,765</u>
Management personnel in substance		
L'Hotel de Chine	2,765	1,695
FDC International Hotels Corporation	1,013	-
Others	<u>508</u>	<u>1,333</u>
	<u>4,286</u>	<u>3,028</u>
	<u>\$ 8,284</u>	<u>\$ 234,793</u>

The interest expenses on the borrowings of loans from Cimpor Global Holdings B.V. were \$22,754 thousand for the year ended December 31, 2019, and related expenses had been repaid by December 31, 2019.

e. Prepayments for property, plant and equipment

	December 31	
	2020	2019
The Group acts as key management personnel CTCI Corporation	\$ 371,600	\$ -

f. Acquisitions of property, plant and equipment

Related Party Category/Name	December 31	
	2020	2019
Management personnel in substance Chia Hsin Property Management and Development Corp. Associates E-ONE	\$ 1,686,428 3,322 \$ 1,689,750	\$ - - \$ -

g. Lease arrangements

Related Party Category	December 31	
	2020	2019
<u>Acquisition of right-of-use assets</u>		
Management personnel in substance Linyuan Advanced Materials Technology Co., Ltd.	\$ 2,500	\$ -
Management personnel in substance Chia Hsin Property Management and Development Corp. Chia Hsin Cement Corporation Chia Hsin R.M.C. Corp.	39 - - 39	9,831 31,392 10,544 51,767
	\$ 2,539	\$ 51,767
<u>Disposal</u>		
Right-of-use assets Management personnel in substance Chia Hsin Property Management and Development Corp.	\$ 1,922	\$ -
Lease liabilities Management personnel in substance Chia Hsin Property Management and Development Corp.	\$ 1,953	\$ -

Gain on lease modification for the year ended December 31, 2020 is \$31 thousand.

Line Item	Related Party Category	December 31	
		2020	2019
Lease liabilities	Management personnel in substance		
	Chia Hsin Cement Corporation	\$ 10,593	\$ 26,240
	Chia Hsin R.M.C. Corp.	2,085	6,690
	Chia Hsin Property Management and Development Corp.	<u>-</u>	<u>6,247</u>
		<u>\$ 12,678</u>	<u>\$ 39,177</u>

Related Party Category	For the Year Ended December 31	
	2020	2019

Interest expense

Management personnel in substance	<u>\$ 501</u>	<u>\$ 432</u>
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The lease contracts between the Group and related parties were based on market price and general terms of payment.

h. Loans to related parties

Interest revenue

The compensation of directors and other key management personnel for the years ended December 31, 2020 and 2019 were as follows:

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Associates		
Onyx Ta-Ho Energy Recovery Co., Ltd.	<u>\$ 148</u>	<u>\$ -</u>

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

i. Endorsements and guarantees

Endorsements and guarantees provided by the Group

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

j. Acquisition of financial assets

For the year ended December 31, 2020

Related Party Category/Name	Line Item	Number of Shares in Thousands	Underlying Assets	Purchase Price
The Group acts as key management personnel O-Bank	Financial assets at FVTOCI	5,370	Stock	<u>\$ 34,100</u>

k. Disposal of financial assets

For the year ended December 31, 2020

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>

l. Compensation of key management personnel

	<u>For the Year Ended December 31</u>	
	2020	2019
Short-term employee benefits	\$ 577,390	\$ 574,537
Post-employment benefits	5,710	5,649
Share-based payment	<u>4,808</u>	<u>826</u>
	<u>\$ 587,908</u>	<u>\$ 581,012</u>

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for certain short-term loans, long-term loans, performance bonds and other credit accommodations:

	December 31	
	2020	2019
Financial assets at FVTOCI (including current and non-current portion)	\$ 278,880	\$ 320,460
Property, plant and equipment	3,168,464	3,684,804
Investment accounted for using the equity method	50,093	60,730
Investment properties	845,666	861,127
Pledged bank deposits (included in financial assets measured at amortized cost)		
Current	272,124	753,007
Non-current	<u>1,713,403</u>	<u>984,716</u>
	<u>\$ 6,328,630</u>	<u>\$ 6,664,844</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	December 31	
Name	2020	2019
The Corporation	\$ 145,571	\$ 155,377
Taiwan Prosperity Chemical Corporation	1,150,104	1,391,129
Ho-Ping Power Company	457,930	1,142,682
Kuan-Ho Refractories Industry Corporation	8,804	-

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

	December 31	
Name	2020	2019
The Corporation	\$ 22,120	\$ 22,120
Ho-Ping Power Company	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation	151,565	144,085
TCCI (Group)	786,037	1,175,222
Taiwan Transport & Storage Corporation	28,150	28,150

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

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 June 30, 2009, and Ta-Ho RSEA Environment Co., Ltd. shall transfer the assets under the BOO Agreement to the Yunlin County Government at the same time.
Amount in Dispute (NT\$)	About \$2.94 billion
Commencement Date of Litigation	The arbitration award was rendered on October 1, 2008.
Parties	Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government
Status	Ta-Ho RSEA Environment Co., Ltd. has applied for compulsory enforcement for the total payment awarded by the arbitration and, thus far, has received the principal together with the interest in the amount of about \$3,540,000 thousand (tax included). As for the dispute over the interest of about \$270,000 thousand between Ta-Ho RSEA Environment Co., Ltd and Yunlin County Government, the Supreme Court ruled to dismiss Ta-Ho RSEA Environment Co., Ltd.’s re-appeal on February 17, 2020, stating that the above interest in the dispute shall not be included in the distribution of compensation, which concluded the compulsory enforcement proceedings. Ta-Ho RSEA Environment Co., Ltd. will discuss with the lawyers the advantages for further actions. According to the distribution result of the enforcement court, Ta-Ho RSEA Environment Co., Ltd. has received the principal and interest in the total amount of \$3,540,717 thousand (the amount of the principal part is \$2,941,872 thousand).

Company Name	Ta-Ho RSEA Environment Co., Ltd.
Factual background	<p>According to Article 10.5 of the “Build-Own-Operate Agreement for Waste Incineration Plant” (the “BOO Agreement”) entered into between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government, in the event that the BOO Agreement is terminated due to an event attributable to the Yunlin County Government, the assets of the Linnei Factory shall be transferred to the Yunlin County Government.</p> <p>However, the Yunlin County Government has consistently refused to receive the assets of the Linnei Factory. Ta-Ho RSEA Environment Co., Ltd. has therefore managed Linnei Incinerator for and on behalf of the Yunlin County Government since the termination of the BOO Agreement on October 31, 2006. The management expenses amounted to \$137,542 thousand as of December 31, 2017, and amounted to \$36,100 thousand from January 1, 2018 to January 31, 2021. The total amount is \$173,642 thousand.</p> <p>The payment award rendered under the arbitration between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government is around \$2.9 billion excluding business tax. After the arbitration award, the Revenue Service Bureau of the Yunlin County advised that the income derived from the award was subject to business tax, which amounted to \$165,591 thousand.</p>
Amount in dispute (NT\$)	About \$348 million.
Commencement date of litigation	Arbitration request has been applied on February 15, 2019.
Parties	Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government
Status	Arbitral Tribunal has been established on May 22, 2019 and the trial has been concluded on February 4, 2021. The arbitration award is scheduled to be rendered on April 10, 2021. The inventory of the assets of the Linnei Incinerator was completed from January 4, 2021 to January 21, 2021, and was transferred to the Yunlin County Government to take over from February 1, 2021. At present, there are still pending issues, e.g., stamp and notarization for the inventory of assets and registration of transferring real estate ownership of the plant.

d. Ho-Ping Power Company

Company Name	Ho-Ping Power Company
Factual Background	The Fair Trade Commission fined Ho-Ping Power Company \$1.35 billion for an alleged violation of Article 14 of the Fair Trade Act.
Amount in Dispute (NT\$)	\$1.35 billion
Commencement Date of Litigation	March 2013
Parties	Ho-Ping Power Company and the Fair Trade Commission
Status	<p>The Fair Trade Commission made a second administrative disposition in November 2013, which reduced the amount of the fine imposed on Ho-Ping Power Company to \$1,320,000 thousand.</p> <p>On June 30, 2015, the Supreme Administrative Court overruled the original judgment in favor of Ho-Ping Power Company and remanded the case for retrial to the Taipei High Administrative Court. On May 25, 2017, the Taipei High Administrative Court ruled in favor of Ho-Ping Power Company by holding that “the original disposition and decision of administrative appeal, which determined that Ho-Ping Power Company committed concerted action, shall be dismissed.” On the appeal part of the participant Taiwan Power Company, the Supreme Administrative Court made the ruling of “Appeal Rejection” on September 6, 2018 (Ref. No. 107 Nian-Du-Cai-Zi-Di 1380). In the case of another appellant (the Fair Trade Commission), the Supreme Administrative Court overruled the original judgment by rendering the judgment (Ref. No. 107 Nian-Du-Pan-Zi 550) on the same day, and remanded the case to the Taipei High Administrative Court for retrial (Ref. No. 107 Nian-Du-Su-Geng-Er-Zi 116). The Taipei High Administrative Court in second instance also ruled that “the administrative disposition made by the Fair Trade Commission shall be dismissed” in May 2020. However, the Fair Trade Commission still appealed and expressed dissatisfaction. The case is currently under review by the Supreme Administrative Court.</p> <p>In accordance with the accounting conservatism principle, Ho-Ping Power Company recognized relevant losses in 2012 and paid the total fine as of June 30, 2019.</p>

Company Name	Ho-Ping Power Company
Factual Background	Taiwan Power Company filed a lawsuit against Ho-Ping Power Company at the Taipei High Administrative Court claiming for its losses of at least \$5.5 billion plus interest, which was then expanded to \$10.76 billion, and filed another civil litigation at the Taipei District Court claiming for \$5.2 billion.
Amount in Dispute (NT\$)	About \$16 billion in total
Commencement Date of Litigation	September 2015
Parties	Ho-Ping Power Company and Taiwan Power Company
Status	<p>1) There are 2 outstanding litigations against Taiwan Power Company:</p> <p>a) In September 2015, Ho-Ping Power Company received an administrative pleading submitted by Taiwan Power Company to the Taipei High Administrative Court, which was transferred to the Taiwan Taipei District Court in February 2017, and Taiwan Power Company expanded the claim amount to \$10.76 billion. The Taiwan Taipei District Court has dismissed the plaintiff's (Taiwan Power Company) complaint on October 30, 2019 and Taiwan Power Company has filed an appeal subsequently which was accepted by the Taiwan High Court. This dispute is under review by the Taiwan High Court</p> <p>b) In November 2015, Ho-Ping Power Company received a complaint of civil litigation brought by Taiwan Power Company at the Taiwan Taipei District Court based on the same ground of the aforementioned administrative litigation, and the claim amount of this case was reduced from \$5.268 billion to \$1.755 billion in May 2020. The case is currently under review by the Taiwan Taipei District Court.</p> <p>2) Given such situations, Ho-Ping Power Company considered the chance of losing the litigations is remote and, therefore, it did not recognize relevant losses.</p>

- e. The board of directors of Ta-Ho Maritime Corporation has resolved to purchase three bulk carriers from Sumitomo Corporation on September 11, 2019. The aggregate purchase amount is US\$100,200 thousand, among which US\$30,060 thousand was paid as of the issuance date of this report.
- f. For the purpose of improving the PH air quality and reducing air pollution, the board of directors of the Group's subsidiary Ho-Ping Power Company has resolved to contract out the air pollution improvement equipment project for Unit 2 to CTCI Corporation on January 21, 2020. The total amount of investment is approximately \$1.858 billion. The contract was signed on June 9, 2020. As of December 31, 2020, 32.6% of the construction has been completed.
- g. The subsidiary, TCC Shaoguan Cement Co., Limited, a cement clinker producer, invested in cement clinker production line project on June 29, 2020 with the total investment amount of RMB244 million. As of December 31, 2020, 56% of the construction had been completed.
- h. On September 16, 2020, the board of directors of the Corporation resolved to increase investment in TCCIH by US\$330,000 thousand to repay foreign currency bank loans of TCCIH and improve the Group's financial structure.

- i. On May 12, 2020, the board of directors of TCC (Hangzhou) Environment Co., Ltd., the Group's subsidiary, has resolved to outsource construction and invite tender. The contract has been signed on October 30, 2020 and the total amount is RMB \$566,888 thousand. As of December 31, 2020, 3% of the construction has been completed.
- j. The board of directors of Chia-Chien Green Energy Corporation, the Group's subsidiary, has resolved on November 6, 2020 to build a fish-electricity symbiosis solar photovoltaic power generation system in order to enhance power generation and contracted the fishery-electricity symbiosis EPC turnkey project to Taiyen Green Energy Co., Ltd. in the total amount of \$1,398,000 thousand.
- k. On December 15, 2020, the board of directors of the Corporation approved the plan to purchase land in Hoping Industrial Park from Industrial Development Bureau, Ministry of Economic Affairs to expand the storage space of alternative raw material. The total consideration of land purchase plus industrial park development management funds was \$1,861,848 thousand. As of the date the financial statements were authorized for issue, the deposit, as 3% of the total consideration, had been paid.

33. OTHER ITEMS

Due to the impact of the COVID-19 pandemic from January 2020, governments all over the world have successively implemented various epidemic prevention measures, which slightly affected the business of the Group. Although the domestic epidemic situation has slowed down and the government's regulations have been loosened, many countries are still under lockdown measures and recession is expected to occur in the global economic situation. In addition to maintaining close contact with customers and manufacturers, the Group has committed to strengthen employee health management to mitigate the COVID-19 pandemic impact on the Company's operations. However, the actual impact to the Group still depends on the subsequent development of the epidemic.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 64,520	28.480 (USD:NTD)	\$ 1,837,530
USD	40,943	7.750 (USD:HKD)	1,165,469
Non-monetary items			
USD	59,216	28.480 (USD:RMB)	1,686,470
EUR	820,904	35.020 (EUR:NTD)	28,748,060
<u>Financial liabilities</u>			
Monetary items			
USD	278,527	7.750 (USD:HKD)	7,928,485

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 72,698	29.980 (USD:NTD)	\$ 2,179,486
USD	41,001	6.955 (USD:RMB)	1,229,349
Non-monetary items			
USD	57,752	29.980 (USD:NTD)	1,731,419
EUR	828,607	33.590 (EUR:NTD)	27,832,897
<u>Financial liabilities</u>			
Monetary items			
USD	200,122	7.790 (USD:HKD)	6,000,400

The realized and unrealized foreign exchange gains and losses were net losses of \$(39,915) thousand and \$(15,399) thousand for the years ended December 31, 2020 and 2019, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the group entities.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the share capital (Table 5)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the share capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 7)
- 9) Trading in derivative instruments (Notes 7, 19 and 29)
- 10) Intercompany relationships and significant intercompany transactions (Table 10)

11) Information on investees (Table 8)

b. Information on investments in mainland China (Table 9)

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of segment. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- a. Cement segment - production, processing and sale of cement goods
- b. Chemical engineering segment - production, processing and sale of chemical raw materials
- c. Electricity segment - thermal power generation
- d. Other segments - land and marine transportation
 - production and sale of refractory materials
 - others

The Group uses the profit from operations as the measure for segment income and the basis of performance assessment. There was no material difference between the accounting policies of the operating segments and the accounting policies described in Note 4.

a. Segments revenue and results

	Segment Revenue		Segment Income	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Cement segment	\$ 88,001,253	\$ 94,034,107	\$ 20,960,575	\$ 23,187,626
Chemical engineering segment	8,456,024	10,370,301	(278,542)	(1,190,414)
Electricity segment	14,282,124	14,462,245	10,304,635	7,963,687
Other segments	<u>3,627,846</u>	<u>3,916,361</u>	<u>612,114</u>	<u>441,254</u>
	<u>\$ 114,367,247</u>	<u>\$ 122,783,014</u>	31,598,782	30,402,153
Share of profits of associates and joint ventures			3,200,243	2,509,388
Dividend income			1,567,644	1,448,451
Interest income			1,363,489	815,805
Loss on disposal of property, plant and equipment			(101,742)	(162,793)
Impairment loss recognized on non-financial assets			(101,299)	(774,784)
Administrative costs and director's remuneration			(256,965)	(245,432)
Finance costs			(1,986,208)	(2,199,118)
Foreign exchange losses, net			(39,915)	(15,399)
Net gain on financial assets and liabilities at fair value through profit and loss			32,170	179,256
Other income and expenses, net			<u>77,107</u>	<u>675,892</u>
Income before income tax			<u>\$ 35,353,306</u>	<u>\$ 32,633,419</u>

Segment income represented profit before tax earned by each segment without allocation of central administration costs, director's remuneration, share of profits of associates and joint ventures, dividend income, interest income, loss on disposal of property, plant and equipment, impairment loss recognized on non-financial assets, finance costs, foreign exchange gains and losses, net gain on financial assets and liabilities at fair value through profit and loss and income tax expense.

b. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Taiwan	\$ 49,316,294	\$ 49,351,277	\$ 65,693,013	\$ 61,987,820
Asia	<u>65,050,953</u>	<u>73,431,737</u>	<u>73,330,763</u>	<u>72,338,311</u>
	<u>\$ 114,367,247</u>	<u>\$ 122,783,014</u>	<u>\$ 139,023,776</u>	<u>\$ 134,326,131</u>

Non-current assets exclude financial instruments, deferred income tax assets, and net defined benefit asset.

c. Information about major customers

The only single customer who contributed 10% or more to the Group's revenue was as follows:

	For the Year Ended December 31	
	2020	2019
Taiwan Power Company	<u>\$ 14,282,124</u>	<u>\$ 14,462,245</u>

37. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- On January 18, 2021, the Corporation acquired the ordinary shares of Taiwan Prosperity Chemical Corporation with share swap by cash in accordance with the Business Mergers and Acquisitions Act and the share swap agreement. The corporation paid \$18 per share to other shareholders of Taiwan Prosperity Chemical Corporation and the total amount was \$685,845 thousand. Taiwan Prosperity Chemical Corporation became a wholly owned subsidiary of the Corporation. Meanwhile, the securities of Taiwan Prosperity Chemical Corporation were under suspension of trading and delisted on the same day with approval by competent authority.
- On March 19, 2021, the board of directors of the Corporation approved to sell 131,960 shares, equivalent to 100% of the total issued shares of Taiwan Prosperity Chemical Corporation, with \$18.18734 per share, for the total consideration of \$2,400,000 thousand to Chang Chun Plastics Co., Ltd. According to the Share Purchase Agreement, the Corporation planned to assist the termination of Equipment Lease Agreement between Taiwan Prosperity Chemical Corporation and TCC Chemical Corporation before the closing. Taiwan Prosperity Chemical Corporation planned to pay \$400,000 thousand to TCC Chemical Corporation as the consideration of the termination. Several conditions including but not limited to the approval of Taiwan Fair Trade Commission and Anti-monopoly Bureau of China were essential prerequisites to the accomplishment of the disposal plan.
- On March 19, 2021, the board of directors of the Corporation approved the plan to invest TCC Recycle Energy Technology Company with the limit of \$10,000,000 thousand while the subsidiary of TCC Recycle Energy Technology Company planned to build two production lines including plant, equipment and operation. In addition, its future trend was consistent with the Group's future development of energy storage.

TABLE 1

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	Tai-Jie Transport & Storage Corporation	Other receivables from related parties	Yes	\$ 100,000	\$ 100,000	\$ 70,000	1.26	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 955,162	\$ 955,162	
		TCC Chemical Corporation	Other receivables from related parties	Yes	300,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	955,162	955,162	
										-		-		-			
2.	TCC Investment Corporation	Jin Chang Minerals Corporation	Other receivables from related parties	Yes	330,000	130,000	100,000	1.48	The need for short-term financing	-	Operating capital	-		-	1,849,747	1,849,747	
		Onyx Ta-Ho Energy Recovery Co., Ltd.	Other receivables from related parties	Yes	110,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,849,747	1,849,747	
		Tai-Jie Transport & Storage Corporation	Other receivables from related parties ties	Yes	70,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,849,747	1,849,747	
3	Taiwan Cement Engineering Corporation	TCC Chemical Corporation	Other receivables from related parties	Yes	200,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	294,520	294,520	
4	TCC Development Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	284,554	268,129	268,129	0.73	The need for short-term financing	-	Operating capital	-		-	755,626	755,626	
5	TCC International Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	3,630,000	3,417,600	-	-	The need for short-term financing	-	Operating capital	-		-	111,330,984	222,661,968	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-		-	18,018,965	36,037,930	
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	996,558	996,558	996,558	3.05	The need for short-term financing	-	Operating capital	-		-	18,018,965	36,037,930	
		TCC (Guigang) Cement Ltd.	Other receivables from related parties	Yes	7,430,479	7,430,479	7,430,479	3.05	The need for short-term financing	-	Operating capital	-		-	18,018,965	36,037,930	
7	TCC (Guigang) Cement Ltd.	Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	1,223,844	1,223,844	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
		Scitus Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
		TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
		TCC Huaying Cement Company Limited	Other receivables from related parties	Yes	1,258,811	1,258,811	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
		TCC Anshun Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	

(Continued)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	\$ 874,174	\$ 874,174	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 26,954,645	\$ 53,909,290	
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	\$ 53,909,290	
		TCC Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	284,107	284,107	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
		TCC (Hangzhou) Recycle Resource Technology Limited	Other receivables from related parties	Yes	43,709	43,709	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
		Guigang TCC DongYuan Environmental Technology Company Limited	Other receivables from related parties	Yes	131,126	131,126	131,126	3.48	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
8	TCC Yingde Cement Co., Ltd.	TCC Shaoguan Cement Co., Limited	Other receivables from related parties	Yes	1,416,557	1,416,557	1,109,306	3.48	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC (Dong Guan) Cement Co., Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC Anshun Cement Co., Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		Guangan Changxing Cement Co., Ltd.	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	524,504	3.48	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC Chongqing Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	786,757	786,757	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		Scitus Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	43,709	3.48	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	218,544	218,544	131,126	3.48	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		Beijing TCC Environment Technology Co., Ltd.	Other receivables from related parties	Yes	87,417	87,417	30,596	3.48	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC (Hangzhou) Environmental Protection Technology Limited	Other receivables from related parties	Yes	2,989,675	2,989,675	2,421,462	3.48	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
9	TCC Fuzhou Cement Co., Ltd.	TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	305,961	305,961	43,709	3.48	The need for short-term financing	-	Operating capital	-		-	945,906	2,837,718	
		TCC New (Hangzhou) Management Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	945,906	2,837,718	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-		-	945,906	2,837,718	

(Continued)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
10	TCC International Holdings Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	\$ 239,122	\$ 212,793	\$ 212,176	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 147,332,657	\$ 294,665,314	
11	Prime York Ltd.	Upper Value Investment Limited	Other receivables from related parties	Yes	198,798	187,323	187,323	-	The need for short-term financing	-	Operating capital	-		-	3,047,596	6,095,192	
12	Jurong TCC Cement Co., Ltd.	TCC Anshun Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		TCC Chongqing Cement Co., Ltd.	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		TCC Guangan Cement Company Ltd.	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	305,961	305,961	218,544	3.48	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	1,311,261	1,311,261	340,928	3.48	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		TCC Huaihua Concrete Company Limited	Other receivables from related parties	Yes	131,126	131,126	43,709	3.48	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	305,961	305,961	118,013	3.48	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
13	TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-		-	7,640,155	15,280,311	
		Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	262,252	262,252	262,252	3.48	The need for short-term financing	-	Operating capital	-		-	7,640,155	15,280,311	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-		-	7,640,155	15,280,311	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-		-	7,640,155	15,280,311	
		Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-		-	7,640,155	15,280,311	
		TCC Chongqing Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-		-	7,640,155	15,280,311	
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	655,631	655,631	262,252	3.48	The need for short-term financing	-	Operating capital	-		-	7,640,155	15,280,311	
14	Guangan Changxing Cement Co., Ltd.	TCC Huaying Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	5,466,228	10,932,456	
		Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-		-	5,466,228	10,932,456	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-		-	5,466,228	10,932,456	

(Continued)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
15	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	\$ 61,128	\$ 57,600	\$ 57,600	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 1,787,407	\$ 3,574,815	
16	TCC Chongqing Cement Company Limited	Guangan Changxing Cement Co., Ltd	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	9,372,765	18,745,531	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-		-	9,372,765	18,745,531	
		Scitus Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-		-	9,372,765	18,745,531	
		Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-		-	9,372,765	18,745,531	
		TCC Huaying Cement Company Limited	Other receivables from related parties	Yes	109,272	109,272	-	-	The need for short-term financing	-	Operating capital	-		-	9,372,765	18,745,531	
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	655,631	655,631	537,180	3.48	The need for short-term financing	-	Operating capital	-		-	9,372,765	18,745,531	
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-		-	9,372,765	18,745,531	
		Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	131,126	131,126	43,709	3.48	The need for short-term financing	-	Operating capital	-		-	9,372,765	18,745,531	
17	TCC New (Hangzhou) Management Company Limited	Scitus Luzhou Cement Co., Ltd.	Other receivables from related parties	Yes	270,994	270,994	-	-	The need for short-term financing	-	Operating capital	-		-	527,283	1,054,566	
		Scitus Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	240,398	240,398	192,318	3.48	The need for short-term financing	-	Operating capital	-		-	527,283	1,054,566	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables from related parties	Yes	34,967	34,967	-	-	The need for short-term financing	-	Operating capital	-		-	527,283	1,054,566	
18	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Company Limited	Other receivables from related parties	Yes	348,563	348,563	257,881	-	The need for short-term financing	-	Operating capital	-		-	889,034	1,778,068	
19	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-		-	719,917	1,439,835	
20	Hong Kong Cement Co., Ltd.	TCC International Holdings Ltd.	Other receivables from related parties	Yes	501,122	471,800	471,800	0.34	The need for short-term financing	-	Operating capital	-		-	937,212	1,874,424	
21	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Scitus Naxi Cement Co., Ltd.	Other receivables from related parties	Yes	131,126	131,126	-	-	The need for short-term financing	-	Operating capital	-		-	3,759,184	7,518,368	
		Kaili TCC Environment Technology Co., Ltd.	Other receivables from related parties	Yes	174,835	174,835	131,126	3.48	The need for short-term financing	-	Operating capital	-		-	3,759,184	7,518,368	
22	Union Cement Traders Inc.	Jin Chang Minerals Corporation	Other receivables from related parties	Yes	300,000	300,000	300,000	1.53	The need for short-term financing	-	Operating capital	-		-	310,622	310,622	

(Continued)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
23	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	\$ 87,417	\$ 87,417	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 4,644,406	\$ 9,288,813	
24	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	87,417	87,417	-	-	The need for short-term financing	-	Operating capital	-		-	3,144,787	6,289,574	

Note 1: “Financing Limits for Each Borrower” and “Aggregate Financing Limits”:

- A. For Taiwan Cement Corporation, financing limits are as follows:
- a) Where a business relationship exists, the individual financing limits 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. The aggregate and individual financing limits for TCC Development Ltd. were 200% and 200%, respectively, of its net equity as stated in its latest financial statements.

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

(Concluded)

TABLE 2

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/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	\$ 102,035,909	\$ 1,420,000	\$ 1,420,000	\$ 1,020,000	\$ -	0.70	\$ 204,071,817	Y	N	N	
		TCC Investment Corporation	b	102,035,909	2,570,000	2,570,000	1,540,000	-	1.26	204,071,817	Y	N	N	
		TCC Chemical Corporation	b	102,035,909	1,499,117	1,499,117	829,117	-	0.73	204,071,817	Y	N	N	
		Jin Chang Minerals Corporation	b	102,035,909	68,848	68,848	39,814	39,814	0.03	204,071,817	Y	N	N	
		Ho Sheng Mining Co., Ltd.	b	102,035,909	99,884	99,884	99,884	99,884	0.05	204,071,817	Y	N	N	
		TCCI	b	102,035,909	28,465,250	6,294,080	-	-	3.08	204,071,817	Y	N	N	
		OYAK CEMENT PORTUGAL S.A.	f	102,035,909	3,025,000	-	-	-	-	204,071,817	N	N	N	
1	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	c	1,125,773	137,462	137,462	137,462	-	36.63	1,125,773	N	Y	N	
2	TCC Green Energy Corporation	TCC Chemical Corporation	a	3,098,101	6,117	6,117	6,117	-	0.20	3,098,101	N	N	N	
3	TCCIH	TCC Yingde Cement Co., Ltd.	b	73,666,328	2,277,882	2,273,407	-	-	1.54	147,332,657	Y	N	Y	
		Jurong TCC Cement Co., Ltd.	b	73,666,328	2,811,524	2,017,411	-	-	1.37	147,332,657	Y	N	Y	
		TCC Fuzhou Cement Co., Ltd.	b	73,666,328	1,159,355	1,147,977	-	-	0.78	147,332,657	Y	N	Y	
		TCC Liaoning Cement Company Limited	b	73,666,328	879,105	869,231	-	-	0.59	147,332,657	Y	N	Y	
		TCC (Guigang) Cement Ltd.	b	73,666,328	8,405,887	7,416,704	-	-	5.03	147,332,657	Y	N	Y	
		TCC Chongqing Cement Co., Limited	b	73,666,328	1,794,258	1,752,406	-	-	1.19	147,332,657	Y	N	Y	
		Guizhou Kong On Cement Company Limited	b	73,666,328	305,525	287,648	-	-	0.20	147,332,657	Y	N	Y	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	b	73,666,328	603,800	284,800	-	-	0.19	147,332,657	Y	N	Y	
		TCC Guangan Cement Company Ltd.	b	73,666,328	305,961	305,961	-	-	0.21	147,332,657	Y	N	Y	
		TCC Anshun Cement Company Limited	b	73,666,328	655,631	655,631	-	-	0.45	147,332,657	Y	N	Y	
		TCC Huaihua Cement Company Limited	b	73,666,328	830,465	830,465	-	-	0.56	147,332,657	Y	N	Y	
		TCC Jingzhou Cement Company Limited	b	73,666,328	262,252	262,252	-	-	0.18	147,332,657	Y	N	Y	

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

- a. i For endorsements/guarantees given by Taiwan Cement Corporation due to business transactions, 50% of the business transaction amounts in the previous year.
- ii Except for i, the aggregate and individual endorsements/guarantees given by Taiwan Cement Corporation were the net equity in its respective latest financial statements and 50% of the net equity in its respective latest financial statements.
- b. Ho Sheng Mining Co., Ltd. guaranteed by land use lease agreement.
- c. Jin Chang Minerals Corporation guaranteed by deposit contract.

Note 2: Aggregate endorsement/guarantee limit was 300% of its net equity in its latest financial statements for Ho Sheng Mining Co., Ltd., and the limit for other the endorsers/guarantors was the net equity in their respective latest financial statements.

(Continued)

Note 3: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- a. Having a business relationship.
- b. The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- c. The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- d. Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- e. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for the purposes of undertaking a construction project.
- f. Due to joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- g. Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Concluded)

TABLE 3

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	<u>Ordinary shares</u>							
	Chien Kuo Construction Co., Ltd.	-	FVTPL - current	7,522	\$ 101,174	-	\$ 101,174	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	101,931	-	101,931	
	Chinatrust Financial Holding Co., Ltd.	-	FVTPL - current	3,576	70,439	-	70,439	
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	30,196	1,432,808	-	1,432,808	
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	63,865	846,206	-	846,206	
	CTCI Corporation	The Corporation serves as director	FVTOCI - current	9,054	345,876	-	345,876	
	Chia Hsin Cement Corporation	Directors	FVTOCI - current	27,419	522,340	-	522,340	
	O-Bank	The Corporation serves as director	FVTOCI - current	32,809	227,365	-	227,365	
	IBT II Venture Capital Corporation	-	FVTOCI - non-current	2,626	14,509	8.3	14,509	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	29,553	1,160,235	9.4	1,160,235	
	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	49,731	4,469,268	6.6	4,469,268	
	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	164,431	-	164,431	
TCC Investment Corporation	<u>Ordinary shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	24,214	167,805	-	167,805	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	12,217	161,873	-	161,873	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,334	158,761	-	158,761	7,000 thousand shares were pledged
	China Conch Venture Holdings Limited	-	FVTOCI - non-current	28,000	3,877,219	-	3,877,219	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,884	427,300	3.5	427,300	
	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	
	<u>Ordinary shares</u>							
Ta-Ho Maritime Corporation	Prosperity Dielectrics Co., Ltd.	-	FVTPL - current	951	63,350	-	63,350	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	490,752	-	490,752	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	6,612	259,574	2.1	259,574	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TCC Chemical Corporation	<u>Ordinary shares</u> Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,840	\$ 255,197	-	\$ 255,197	
Hoping Industrial Port Corporation	<u>Ordinary shares</u> Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	410,019	3.3	410,019	
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	373,803	-	373,803	
	CTCI Corporation	The Corporation serve as director	FVTOCI - current	13,365	510,555	-	510,555	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	7,441	141,751	-	141,751	
	Videoland Inc.	-	FVTOCI - non-current	6,437	234,066	5.6	234,066	
TCCI (Group)	<u>Ordinary shares</u> Anhui Conch Cement Co., Ltd.	-	FVTOCI - non-current	116,568	20,786,890	-	20,786,890	
	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: See Tables 8 and 9 for the information on investments in subsidiaries, associates and joint ventures.

(Concluded)

TABLE 4

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustment (Note 1)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain/Loss on Disposal (Note 4)		Shares/Units (In Thousands)	Amount
Taiwan Cement Corporation	Shares Taiwan Prosperity Chemical Corporation	Investments accounted for using the equity method	-	Subsidiaries	116,791	\$ 658,029	41,053	\$ 738,955	-	\$ -	\$ -	\$ -	\$ (662,096) (Note 3)	\$ 93,857 (Note 4)	\$ 734,888 (Note 5)
Taiwan Prosperity Chemical Corporation	Taishin Financial Holding Co., Ltd.	FVTOCI - current	-	-	78,462	1,137,697	-	-	78,462	1,003,813	1,003,813 (Note 1)	-	(133,884) (Note 2)	-	-
Jurong TCC Cement Co., Ltd.	TCC Huaihua Cement Company Limited	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	865,517	-	-	-	-	2,339,123 (Note 3)	-	3,204,640 (Note 5)
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Investments accounted for using the equity method	-	Subsidiaries	-	1,409,887	-	583,390	-	-	-	-	131,040 (Note 3)	-	2,124,317 (Note 5)
TCC (Guigang) Cement Ltd.	TCC (Hangzhou) Recycle Resource Technology Limited	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	419,100	-	-	-	-	18,810 (Note 3)	-	437,910 (Note 5)
TCC International (Guangxi) Ltd.	TCC (Hangzhou) Recycle Resource Technology Limited	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	2,014,340	-	-	-	-	(347) (Note 3)	-	2,013,993 (Note 5)
Jingyang Industrial Limited	Jurong TCC Environmental Co., Ltd.	Investments accounted for using the equity method	-	Subsidiaries	-	-	-	507,738	-	-	-	-	6,932 (Note 3)	-	514,670 (Note 5)

Note 1: Including accumulated gain from retained earnings in the amount of \$191,076 thousand which is reclassified from unrealized gain on financial assets at FVTOCI due to disposal.

Note 2: Unrealized loss on financial assets at FVTOCI in this period.

Note 3: Including the profit and loss parts of subsidiaries recognized under the equity method and adjustments to shareholder's equity.

Note 4: Including the shares of capital reduction in 63,987 thousand shares handled by Taiwan Prosperity Chemical Corporation to offset a deficit.

Note 5: All intercompany transactions have been eliminated upon consolidation.

TABLE 5

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Taiwan Cement Corporation	The buildings and land of the second plant of ready mixed concrete plant in Taoyuan	2020.11.23	\$ 1,686,428	Paid	Chia Hsin Property Management and Development Corp.	Management personnel in substance	-	-	-	\$ -	Participate in tenders by referring to the appraisal result and the current market quotation (Note 1)	For operating purpose	None
Taiwan Cement Corporation	Land in Hoping Industrial Park, Hualien County	2020.12.15	1,861,848 (Note 2)	By negotiation (Note 3)	Industrial Development Bureau, Ministry of Economic Affairs	Neither are related-party	-	-	-	-	Refer to the price approved by “the 161st review meeting held by the committee for reviewing price for lease and sale of land or buildings in industrial parks of Industrial Development Bureau, Ministry of Economic Affairs” (Note 4)	For operating purpose	None

Note 1: The period between Chia Hsin Property Management and Development Corp. acquired the subject land and the date the subject contract was entered into was over five years; therefore, Articles 16 and 17 of the Criteria for Handling Acquisition and Disposal of Assets by Public Companies are not applicable.

Note 2: Consideration of land purchase plus 1% industrial park development funds.

Note 3: The deposit, as 3% of the total consideration, had been paid in March 2021.

Note 4: Transaction was made with government agency; therefore, no appraisal report was required in accordance with the Criteria for Handling Acquisition and Disposal of Assets by Public Companies.

TABLE 6

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
Taiwan Cement Corporation	Feng Shang Enterprise Company	Subsidiary	Sales	\$ (447,418)	(2)	30 days	\$ -	-	\$ 117,249	23	(Note 2)
			Purchases	211,093	1	30 days	-	-	(12,940)	(2)	(Note 2)
	TCCIH	Subsidiary	Service revenue	(437,173)	(2)	By contract	-	-	37,689	7	(Note 2)
			Sales	(481,404)	(2)	65 days after the day shipment was made	-	-	99,810	20	(Note 2)
	E.G.C. Cement Corporation	Subsidiary	Sales	(484,272)	(2)	50 days after the day delivery was made	-	-	138,432	27	(Note 2)
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	638,719	4	30 days	-	-	(71,965)	(9)	(Note 2)
	Hoping Industrial Port Corporation	Subsidiary	Purchases	520,793	3	20 days	-	-	(34,140)	(4)	(Note 2)
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	1,446,657	8	30 days	-	-	(355,118)	(45)	(Note 2)
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	686,835	4	30 days	-	-	(54,779)	(7)	(Note 2)
	Jin Chang Minerals Corporation	Subsidiary	Purchases	180,746	1	30 days	-	-	(7,418)	(1)	(Note 2)
	Chia Hsin Cement Corporation	Director of the Corporation	Sales	(453,720)	(2)	65 days after the day delivery was made	-	-	73,133	14	
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	254,573	1	By contract	-	-	(89,959)	(11)	(Note 2)
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	760,215	4	60 days	-	-	(147,713)	(19)	
			Sales	(138,150)	(1)	60 days	-	-	27,889	6	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	1,129,955	24	20 days	-	-	(17,368)	(13)	(Note 2)
	HPC Power Service Corporation	The same parent company	Purchases	484,855	10	By contract	-	-	(101,189)	(77)	(Note 2)
Hoping Industrial Port Corporation	Taiwan Cement Corporation	Parent company	Sales	(520,793)	(30)	20 days	-	-	34,140	64	(Note 2)
	Ho-Ping Power Company	The same parent company	Sales	(1,129,955)	(66)	20 days	-	-	17,368	32	(Note 2)
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	216,487	79	30 days	-	-	(17,290)	(44)	(Note 2)
Feng Shang Enterprise Company	Taiwan Cement Corporation	Parent company	Purchases	447,418	16	30 days	-	-	(117,249)	(100)	(Note 2)
			Sales	(211,093)	(7)	30 days	-	-	12,940	100	(Note 2)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	\$ (638,719)	(43)	30 days	\$ -	-	\$ 71,965	56	(Note 2)
	Hoping Industrial Port Corporation	The same parent company	Sales	(216,487)	(14)	30 days	-	-	17,290	14	(Note 2)
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(194,533)	(13)	30 days	-	-	26,062	20	(Note 2)
	Linyuan Advanced Materials Technology Co., Ltd.	The same chairman	Sales	(137,694)	(9)	30 days	-	-	14,868	12	
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Sales	(1,446,657)	(58)	30 days	-	-	355,118	89	(Note 2)
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	437,173	100	By contract	-	-	(37,689)	(100)	(Note 2)
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(686,835)	(96)	30 days	-	-	54,779	97	(Note 2)
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(484,855)	(100)	By contract	-	-	101,189	100	(Note 2)
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(625,239)	(88)	By negotiation	-	-	241,794	100	(Note 2)
Guigang Da-Ho Shipping Co., Ltd.	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(305,738)	(24)	By negotiation	-	-	80,395	26	(Note 2)
	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(516,257)	(40)	By negotiation	-	-	223,211	72	(Note 2)
TCC (Guigang) Cement Ltd.	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	625,239	9	By negotiation	-	-	(241,794)	(3)	(Note 2)
	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	516,257	7	By negotiation	-	-	(223,211)	(3)	(Note 2)
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	305,738	4	By negotiation	-	-	(80,395)	(3)	(Note 2)
HKCCL	Taiwan Cement Corporation	Parent company	Purchases	481,404	87	65 days after the day shipment was made	-	-	(99,810)	(76)	(Note 2)
	Quon Hing Concrete Co., Ltd.	Associates	Sales	(284,658)	(37)	By negotiation	-	-	116,879	44	
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	484,272	100	50 days after the day delivery was made	-	-	(138,432)	(100)	(Note 2)
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(180,746)	(100)	30 days	-	-	7,418	100	(Note 2)
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(254,573)	(21)	By contract	-	-	89,959	83	(Note 2)

(Continued)

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

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

(Concluded)

TABLE 7

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Taiwan Cement Corporation	E.G.C. Cement Corporation (Note)	Subsidiary	\$ 138,432	4.1	\$ -	-	\$ 100,139	\$ -
Taiwan Cement Corporation	Feng Sheng Enterprise Company (Note)	Subsidiary	117,249	3.7	-	-	111,396	-
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note)	Parent company	355,118	4.7	-	-	355,118	-
HPC Power Service Corporation	Ho-Ping Power Company (Note)	The same parent company	101,189	4.9	-	-	101,189	-
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd. (Note)	The same ultimate parent company	223,211	2.6	-	-	214,154	-
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd. (Note)	The same ultimate parent company	241,794	3.4	-	-	237,042	-
HKCCL	Quon Hing Concrete Co., Ltd.	Associates	116,879	3.0	-	-	63,770	-

Note: All intercompany transactions have been eliminated upon consolidation.

TABLE 8

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 33,774,761	\$ 33,774,761	1,100,876	100.00	\$ 111,330,984	\$ 10,678,591	\$ 10,678,591	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	805,940	59.50	18,279,509	7,268,550	4,324,787	Note
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,733,662	806,115	806,091	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	143,566	64.79	2,684,377	495,557	321,058	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	1,731,127	992,173	93,857	71.10	734,888	(483,458)	(168,344)	Note
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,863	90,862	40,541	83.85	2,002,162	243,314	204,009	Note
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	117,400	100.00	4,624,367	160,858	160,858	Note
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining excavation	1,414,358	1,414,358	30,100	100.00	1,319,558	138,125	138,125	Note
	CCC USA Corp.	U.S.A.	Rubber raw materials	1,284,421	1,284,421	79	33.33	1,679,436	127,958	42,652	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	320,373	319,439	59,670	99.18	720,745	3,655	5,000	Note
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	30,176	50.00	815,179	708,582	354,290	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	513,065	135,117	128,753	Note
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	401,193	157,887	71,735	Note
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	1,510,842	240,000	100.00	1,384,605	85,870	109,031	Note
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	251,518	14,710	14,616	Note
	Ta-Ho RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	39,960	66.60	187,876	(8,967)	(5,972)	Note
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	419,033	71,403	60,445	Note
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	3,146,046	3,146,046	320,899	100.00	3,149,254	(14,777)	(14,777)	Note
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	5,400	100.00	183,553	4,938	4,938	Note
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	118,401	196,273	117,764	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	118,558	34,886	17,668	Note
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,539	6	2	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,269	(42)	(42)	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	56,398,941	15,927,223	6,096,941	Note
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	3,563,397	3,563,397	153,477	15.59	5,082,574	726,555	135,069	
	Taiwan Cement Dutch	Netherlands	Investment holding	29,695,730	29,470,972	838	100.00	29,075,184	731,797	731,797	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	1,244,337	(258,304)	(46,994)	
	TCCMOLI	Singapore	Investment holding	1,239	1,239	30	100.00	495	(189)	(189)	Note
	TCC Sustainable Energy Investment Corporation	Taiwan	Investment holding	1,000	-	100	100.00	975	(25)	(25)	Note
	TCC Energy Storage Technology Corporation	Taiwan	Energy storage equipment manufacturing production and sales	1,000	-	100	100.00	984	(16)	(16)	Note
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	301,524	301,524	64,720	29.21	1,210,124	495,557	144,734	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	136,476	7,857	49.36	144,922	34,886	17,219	Note
	Tai-Jie Transport & Storage Corporation	Taiwan	Transportation	25,000	25,000	2,500	100.00	34,233	8,358	8,358	Note

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares/Units (In Thousands)	%	Carrying Amount			
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	\$ 219,450	\$ 219,450	24,500	100.00	\$ 776,556	\$ 37,438	\$ 37,438	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	6,773	0.50	150,142	7,268,550	36,343	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	10,528	298	0.23	2,329	(483,458)	(1,090)	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	42	0.02	776	495,557	93	Note
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	388,079	388,079	22,009	2.23	722,465	726,555	19,368	
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	312,833	312,833	31,860	4.94	206,663	(258,304)	(12,757)	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	549,664	325,995	19,300	100.00	4,665,395	308,040	308,040	Note
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	48,986	(84)	(84)	Note
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	49,882	49,882	2,055	0.21	67,515	726,555	1,809	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	3,018	2.29	23,630	(483,458)	(11,053)	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	75,866	(258,304)	(4,683)	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	324	0.67	16,013	243,314	1,632	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	199,159	(258,304)	(12,294)	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	281,806	281,806	11,464	1.16	376,540	726,555	10,089	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Taiwan	Renewable energy generation	1,000	1,000	100	100.00	997	(2)	(2)	Note
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation	Taiwan	Renewable energy generation	1,002,000	752,000	100,200	100.00	930,205	(28,562)	(28,562)	Note
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	25,000	2,500	100.00	22,264	(308)	(308)	Note
	TCC Lien-Shen Green Energy Corporation	Taiwan	Renewable energy generation	12,000	12,000	1,200	100.00	9,051	(39)	(39)	Note
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	5,000	246	100.00	2,410	(46)	(46)	Note
	TCC Kao Cheng Green Energy Corporation	Taiwan	Renewable energy generation	82,000	12,000	8,200	100.00	81,750	1,850	1,850	Note
	TCC Nan Chung Green Energy Corporation	Taiwan	Renewable energy generation	170,000	170,000	17,000	100.00	168,255	513	513	Note
	Chang-Wang Wind Power Co., Ltd.	Taiwan	Renewable energy generation	720,000	720,000	72,000	100.00	668,919	(3,624)	(3,624)	Note
	TCC Ping-Zhi Green Energy Corporation	Taiwan	Renewable energy generation	2,000	2,000	200	100.00	1,917	(38)	(38)	Note
	Chia-Ho Green Energy Corporation	Taiwan	Renewable energy generation	50,000	-	5,000	100.00	49,624	(376)	(376)	Note
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	1,119,549	908,694	39,310	100.00	3,725,099	178,240	178,240	Note
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	145,248	152,898	5,100	100.00	861,121	130,341	130,341	Note
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	2,848	2,998	100	100.00	68,922	(266)	(266)	Note
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	163,415	171,246	100	50.00	130,615	(50,684)	(25,342)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	25,057	26,258	129	31.50	151,692	(64,436)	(20,297)	
Taiwan Cement Dutch	Cimpor Global Holdings B.V.	Netherlands	Holding company	27,014,590	29,380,273	100	40.00	28,748,060	2,144,866	761,857	

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 9

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outflow	Inflow							
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	\$ 462,800	(b)	\$ 261,482	\$ -	\$ -	\$ 261,482	\$ (10,846)	100.00	\$ (10,846)	\$ 945,906	\$ -	Note 6
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facilities	142,400	(b)	80,456	-	-	80,456	5,912	100.00	5,912	276,565	-	Note 6
TCC Liuzhou Construction Materials Company Limited	Manufacturing and sale of slag powder	384,480	(b)	92,275	-	-	92,275	121,569	42.00	51,059	400,856	-	Note 6
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,245,312	(b)	4,527,209	-	-	4,527,209	4,729,788	100.00	4,729,788	30,479,983	-	Note 6
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	6,635,840	(b)	3,873,138	-	-	3,873,138	2,087,629	100.00	2,087,629	18,060,978	-	Note 6
TCC (Guigang) Cement Ltd.	Manufacturing and sale of cement	9,480,306	(b)	6,781,085	-	-	6,781,085	3,349,751	100.00	3,349,751	26,954,645	-	Note 6
Jiangsu TCC Investment Co., Ltd.	Investment	1,424,000	(b)	804,560	-	-	804,560	585,652	100.00	585,652	4,017,167	-	Note 6
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,873,837	(b)	3,093,871	-	-	3,093,871	2,565,072	100.00	2,565,072	18,018,965	-	Note 6
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,623,867	(b)	1,269,681	-	-	1,269,681	88,067	100.00	88,067	1,753,961	-	Note 6
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,371,395	(b)	3,184,804	-	-	3,184,804	95,316	100.00	95,316	7,640,155	-	Note 6
TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	3,360,640	(b)	2,429,952	-	-	2,429,952	1,082,499	100.00	1,082,499	9,372,765	-	Note 6
Guangan Changxing Cement Co., Ltd.	Manufacturing and sale of cement	2,192,675	(b)	1,591,900	-	-	1,591,900	643,238	100.00	643,238	5,466,228	-	Note 6
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	569,600	(b)	321,824	-	-	321,824	(10,405)	100.00	(10,405)	316,792	-	Note 6
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	578,144	(b)	260,597	-	-	260,597	(59,175)	65.00	(38,464)	463,482	-	Note 6
TCC New (Hangzhou) Management Company Limited	Operation management	227,840	(b)	128,730	-	-	128,730	147	100.00	147	175,761	-	Note 6
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,705,544	(b)	1,018,855	-	-	1,018,855	(14,353)	100.00	(14,353)	3,759,184	-	Note 6
TCC Shaoguan Cement Co., Limited	Manufacturing and sale of cement	1,967,968	(b)	1,844,080	-	-	1,844,080	(35,746)	100.00	(35,746)	1,937,855	-	Note 6
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,157,625	(b)	2,940,765	-	-	2,940,765	91,694	100.00	91,694	3,748,106	-	Note 6
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	1,313,100	(b)	5,383,341	-	-	5,383,341	259,276	100.00	259,276	4,644,406	-	Note 6
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	656,550	(b)	-	-	-	-	80,952	100.00	80,952	2,124,317	-	Note 6
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	43,770	(b)	-	-	-	-	(7,381)	100.00	(7,381)	43,395	-	Note 6
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	113,920	(b)	356,196	-	-	356,196	62,010	100.00	62,010	318,215	-	Note 6
TCC Yingde Mining Industrial Company Limited	Mining excavation	327,520	(b)	257,677	-	-	257,677	4,917	100.00	4,917	390,274	-	Note 6
TCC Guigang Mining Industrial Company Limited	Mining excavation	142,400	(b)	122,995	-	-	122,995	12,361	100.00	12,361	384,797	-	Note 6
Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	641,274	(b)	-	-	-	-	75,341	100.00	75,341	570,570	-	Note 6
Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	1,728,915	(b)	-	-	-	-	224,423	100.00	224,423	3,144,787	-	Note 6
Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	101,765	(b)	-	-	-	-	144	100.00	144	5,246	-	Note 6
Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	109,425	(b)	-	-	-	-	(10,231)	100.00	(10,231)	114,379	-	Note 6
Anshun Xin Tai Construction Materials Company Limited	Sand and gravel and sale of ready-mixed concrete	65,655	(b)	87,528	-	-	87,528	279	100.00	279	63,620	-	Note 6
Fuzhou TCC Information Technology Co., Ltd. (Note 5)	Software product and equipment maintenance	2,955	(b)	2,955	-	-	2,955	1,821	100.00	1,821	13,511	39,372	Note 6
Da Tong (Guigang) International Logistics Co., Ltd. (Note 5)	Logistics and transportation	142,400	(b)	-	-	-	-	130,518	100.00	130,518	845,714	-	Note 6
Da Tong (Ying De) Logistics Co., Ltd. (Note 5)	Logistics and transportation	21,885	(b)	-	-	-	-	13,664	100.00	13,664	123,515	-	Note 6
Guigang Da-Ho Shipping Co., Ltd. (Note 5)	Marine transportation	17,508	(b)	-	-	-	-	83,238	100.00	83,238	473,232	-	Note 6

(Continued)

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outflow	Inflow							
Prosperity Conch Cement Co., Ltd.	Manufacturing and sale of cement	\$ 2,538,660	(b)	\$ 2,096,867	\$ -	\$ -	\$ 2,096,867	\$ 5,373,904	\$ 25.00	\$ 1,343,476	\$ 7,247,911	\$ -	Note 3
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,611,025	(b)	1,367,066	-	-	1,367,066	873,312	30.00	261,994	1,742,842	-	
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	1,805,863	(b)	661,995	-	-	661,995	1,015,003	30.00	304,501	1,140,060	-	Note 3
Sichuan Taichang Building Material Group Company Limited	Manufacturing and sale of cement	875,400	(b)	330,926	-	-	330,926	295,534	30.00	88,660	488,397	-	
Yingjing Xinan New material Co., Ltd.	Manufacturing and sale of cement	87,540	(b)	-	-	-	-	-	30.00	-	(167,446)	-	
Guangan Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	67,844	(b)	45,178	-	-	45,178	-	50.00	-	-	-	
Guigang TCC Dongyuan Environmental Technology Company Limited	Dangerous waste treatment	512,109	(b)	512,109	-	-	512,109	28,960	100.00	28,960	570,171	-	Note 6
Beijing TCC Environment Technology Co., Ltd.	Technology development, business management and sales	26,262	(b)	26,262	-	-	26,262	(26,025)	100.00	(26,025)	(21,092)	-	Note 6
TCC (Hangzhou) Environment Technology Limited	Environment, cement, business management consulting	3,063,900	(b)	3,063,900	-	-	3,063,900	(237,730)	100.00	(237,730)	2,659,071	-	Note 6
Kaili TCC Environment Technology Co., Ltd.	Waste collection and treatment	13,131	(b)	13,131	-	-	13,131	(3,915)	100.00	(3,915)	24,081	-	Note 6
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	Technology development, business management and sales	17,508	(b)	9,629	-	-	9,629	551	55.00	303	8,743	-	Note 6
TCC (Hangzhou) Recycle Resource Technology Limited	Resource recycling technology development, business management and sales	2,451,120	(b)	-	-	-	-	4,117	100.00	4,117	2,451,903	-	Note 6
Guangan TCC Jiuyuan Environmental Protection Technology Co., Ltd.	Technology development, business management consulting	8,754	(b)	-	-	-	-	(10)	45.00	(4)	3,929	-	
Guigang Conch-TCC New Material Technology Co., Ltd.	Technology development and service, Manufacturing and sale of dedicated chemical production	13,131	(b)	-	-	-	-	(2,881)	40.00	(1,152)	4,065	-	
Jurong TCC Environmental Co., Ltd.	Dangerous waste treatment	656,550	(b)	-	-	-	-	-	100.00	-	655,631	-	Note 6

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$69,574,958	\$70,216,895	(Note 7)

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

- Direct investment in mainland companies.
- Investments in mainland China companies were through a company invested and established in a third region.

Note 2: Including outward remittance from offshore subsidiaries.

Note 3: Investment gain (loss) was based on the associates' audited financial statements except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considers that there would be no significant adjustments if such financial statements were to be audited.

Note 4: As of December 31, 2020, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

Note 5: Including the amounts attributable to non-controlling interests.

Note 6: All intercompany transactions have been eliminated upon consolidation.

Note 7: The Corporation received a confirmation letter of Operation Headquarter from the Industrial Development Bureau of the MOEA in March 2020 stating that the Corporation is not limited by the restriction on the accumulated percentage or amount of investment in mainland China.

B. Refer to Tables 1, 2, 4, 6 and 10 for the information about significant transactions with investees in the mainland China either directly or indirectly through a third area.

(Concluded)

TABLE 10

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	Taiwan Cement Corporation	Feng Sheng Enterprise Company	1	Operating revenue	\$ 447,418	30 days	0.4
				Operating costs and expenses	211,093	30 days	0.2
				Accounts receivable from related parties	117,249	30 days	-
		Taiwan Transport & Storage Corporation	1	Operating costs and expenses	638,719	30 days	0.6
		Hoping Industrial Port Corporation	1	Operating costs and expenses	520,793	20 days	0.5
		Ho Sheng Mining Co., Ltd.	1	Operating costs and expenses	686,835	30 days	0.6
		Jin Chang Minerals Corporation	1	Operating costs and expenses	180,746	30 days	0.2
		Kuan-Ho Refractories Industry Corporation	1	Operating costs and expenses	254,573	By contract	0.2
		TCCIH	1	Operating revenue	437,173	By contract	0.4
		HKCCL	1	Operating revenue	481,404	65 days after the end of the day shipment was made	0.4
		Ta-Ho Maritime Corporation	1	Operating costs and expenses	1,446,657	30 days	1.3
				Accounts payables to related parties	355,118	30 days	0.1
		E.G.C. Cement Corporation	1	Operating revenue	484,272	50 days after the end of the day delivery was made	0.4
				Accounts receivable from related parties	138,432	50 days after the end of the day delivery was made	-
				Lease liabilities - non-current	253,553	By contract	0.1
1	Ho-Ping Power Company	Hoping Industrial Port Corporation	3	Operating costs and expenses	1,129,955	20 days	1.0
		HPC Power Service Corporation	3	Operating costs and expenses	484,855	By contract	0.4
				Accounts payables to related parties	101,189	By contract	-
2	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Finance lease receivables	155,641	By contract	-
				Long-term finance lease receivables	936,572	By contract	0.2
3	Taiwan Transport & Storage Corporation	Taiwan Prosperity Chemical Corporation	3	Operating revenue	194,533	By contract	0.2
		Hoping Industrial Port Corporation	3	Operating revenue	216,487	30 days	0.2
4	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd.	3	Operating revenue	625,239	By negotiation	0.5
				Accounts receivable from related parties	241,794	By negotiation	0.1
5	Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd.	3	Operating revenue	516,257	By negotiation	0.5
				Accounts receivable from related parties	223,211	By negotiation	0.1
		TCC Yingde Cement Co., Ltd.	3	Operating revenue	305,738	By negotiation	0.3

(Continued)

Note 1: All intercompany transactions have been eliminated upon consolidation. The directional flow of the investment relationship is represented by the following numerals:

- a. From parent to subsidiary: 1.
- b. From subsidiary to parent: 2.
- c. Between subsidiaries: 3.

Note 2: This table includes transactions for amounts over \$100 million.

(Concluded)