

Taiwan Cement Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition of Cement Sales

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Chih-Ming Shao Hui-Min Huang

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2021

Notice to Readers

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

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

TAIWAN CEMENT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

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

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

TAIWAN CEMENT CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 27)	\$ 21,578,428	100	\$ 19,265,728	101
LESS: SALES RETURNS AND ALLOWANCES	<u>82,998</u>	<u>-</u>	<u>142,952</u>	<u>1</u>
OPERATING REVENUE, NET	21,495,430	100	19,122,776	100
OPERATING COSTS (Notes 10, 20 and 27)	<u>17,671,017</u>	<u>82</u>	<u>17,298,755</u>	<u>90</u>
GROSS PROFIT	3,824,413	18	1,824,021	10
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,228</u>	<u>-</u>	<u>1,228</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>3,825,641</u>	<u>18</u>	<u>1,825,249</u>	<u>10</u>
OPERATING EXPENSES (Notes 20 and 27)				
Marketing	282,027	1	262,500	1
General and administrative	<u>1,367,403</u>	<u>7</u>	<u>1,264,911</u>	<u>7</u>
Total operating expenses	<u>1,649,430</u>	<u>8</u>	<u>1,527,411</u>	<u>8</u>
INCOME FROM OPERATIONS	<u>2,176,211</u>	<u>10</u>	<u>297,838</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Notes 4 and 11)	24,287,862	113	24,753,161	129
Dividend income (Note 4)	348,138	2	307,581	2
Other income (Note 20)	190,283	1	359,843	2
Finance costs (Notes 4 and 20)	(1,508,446)	(7)	(1,316,748)	(7)
Other expenses (Note 20)	<u>(162,495)</u>	<u>(1)</u>	<u>(190,310)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>23,155,342</u>	<u>108</u>	<u>23,913,527</u>	<u>125</u>
INCOME BEFORE INCOME TAX	25,331,553	118	24,211,365	127
INCOME TAX EXPENSE (Notes 4 and 21)	<u>232,244</u>	<u>1</u>	<u>284</u>	<u>-</u>
NET INCOME	<u>25,099,309</u>	<u>117</u>	<u>24,211,081</u>	<u>127</u>

(Continued)

TAIWAN CEMENT CORPORATION

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 18)	\$ 123,920	1	\$ 421,406	2
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 19)	111,999	-	1,246,314	7
Share of other comprehensive income (loss) of subsidiaries and associates (Note 19)	(4,738,521)	(22)	10,006,604	52
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 21)	(24,784)	-	(84,281)	-
	<u>(4,527,386)</u>	<u>(21)</u>	<u>11,590,043</u>	<u>61</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates (Note 19)	<u>2,136,685</u>	<u>10</u>	<u>(6,623,040)</u>	<u>(35)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(2,390,701)</u>	<u>(11)</u>	<u>4,967,003</u>	<u>26</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 22,708,608</u>	<u>106</u>	<u>\$ 29,178,084</u>	<u>153</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 4.32</u>		<u>\$ 4.22</u>	
Diluted	<u>\$ 4.09</u>		<u>\$ 4.06</u>	

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

(Concluded)

TAIWAN CEMENT CORPORATION

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

	Share Capital		Certificates of Entitlement to New Shares from Convertible Bonds	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings		Total	Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total Equity
	Ordinary Shares	Preferred Shares					Unappropriated Earnings	Unrealized Gain/Loss on Fair Value Through Other Comprehensive Income			Cash Flow Hedges Reserve			
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	\$ -	\$ -	\$ 24,074,366	\$ -	\$ (2,545)	\$ 181,541,310
Appropriation of 2018 earnings	-	-	-	-	2,118,082	-	(2,118,082)	(2,118,082)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	(16,856,367)	(16,856,367)	-	-	-	-	-	(16,856,367)
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(182,219)	(182,219)	-	-	-	-	-	(182,219)
Preferred cash dividends distributed by the Corporation	-	-	-	-	-	-	(3,573,593)	(3,573,593)	-	-	-	-	-	(3,573,593)
Share dividends distributed by the Corporation	3,575,593	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	-	24,211,081	24,211,081	-	-	-	-	-	24,211,081
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	24,211,081	24,211,081	-	-	-	-	-	24,211,081
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	29	-	-	-	-	-	-	-	-	-	29
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	179,275	-	-	-	-	-	-	-	-	-	179,275
Basis adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	5,768
Compensation costs of treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	-	-	-	-	826
Treasury shares transfer to employees	-	-	-	(424)	-	-	-	-	-	-	-	-	2,545	2,121
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)	35,393,116	-	(348,959)	193,684,068	
Appropriation of 2019 earnings	-	-	-	-	2,448,745	-	(2,448,745)	(2,448,745)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(1,350,000)	(1,350,000)	-	-	-	-	-	(1,350,000)
Preferred cash dividends distributed by the Corporation	-	-	-	-	-	-	(350,000)	(350,000)	-	-	-	-	-	(350,000)
Share dividends distributed by the Corporation	2,728,810	-	-	-	-	-	(2,728,810)	(2,728,810)	-	-	-	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	-	25,099,309	25,099,309	-	-	-	-	-	25,099,309
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	25,099,309	25,099,309	-	-	-	-	-	25,099,309
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	(444,384)	-	-	-	-	-	-	-	-	-	(444,384)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	136,699	-	-	-	-	-	-	-	-	-	136,699
Dividends from subsidiaries over claims extinguished by prescription	-	-	-	349	-	-	-	-	-	-	-	-	-	349
Basis adjustment for loss on hedging instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	(129)
Compensation costs of treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	-	-	-	-	4,808
Treasury shares transfer to employees	-	-	-	(1,397)	-	-	-	-	-	-	-	-	20,868	19,471
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(171,600)	(171,600)	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	101,298	101,298	-	(101,298)	-	-	-	-
Convertible bonds converted to ordinary shares	29,005	-	688,542	1,410,428	-	-	-	-	-	-	-	-	-	2,127,975
Reversal of special reserve recognized from asset disposals	-	-	-	-	-	(9,202)	9,202	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	57,414,007	2,000,000	688,542	49,122,450	19,351,361	13,039,860	41,808,297	74,199,518	(9,523,576)	30,670,817	(250)	(459,691)	204,071,817	

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

TAIWAN CEMENT CORPORATION

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

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

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TAIWAN CEMENT CORPORATION

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

The financial statements are presented in New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

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 issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by FSC

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

When preparing its financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in its financial statements to be the same as the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries and associates and related equity items, as appropriate, in these financial statements.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

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

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

On the disposal of a foreign operation (i.e., a disposal of the Corporation's entire interest in a foreign operation or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculations involved in the equity-method transaction but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, investments in a subsidiary are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of the equity of its subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of such investments and the fair value of the consideration paid or received.

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

Any excess of the cost of an acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of the acquisition is recognized immediately in profit or loss. When the Company acquires a subsidiary that does not constitute a business, the Company appropriately allocates the cost of acquisition to the Company's share of the amounts of the identifiable assets acquired (including intangible assets) and liabilities assumed, and the transaction does not give rise to goodwill nor gains.

The Corporation assesses its investments for any impairment by comparing the respective carrying amounts with the estimated recoverable amounts as assessed based on the entire financial statements of its investee companies. Impairment loss is recognized when the carrying amount of any such investment exceeds the recoverable amount. If the recoverable amount of an investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the Corporation's parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the Corporation's financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of the equity of associates.

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

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

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any assets, including goodwill, that form part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation' financial statements only to the extent that interests in the associate are related to the Corporation.

h. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities are classified as at fair value through profit or loss when any such financial liability is held for trading. Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

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

m. Revenue recognition

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

- 1) Revenue from the sale of goods is recognized when the goods are delivered to customer' specific location and the ownership of the goods is transferred to customer.
- 2) Service income is recognized by reference to the stage of completion of the contract or when services are provided.

n. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Corporation's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decrease the scope of the lease, and recognizes in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than the above-stated, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

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

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

3) Other long-term employee benefits

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

q. Share-based payment arrangements

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

r. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Investments Accounted for Using the Equity Method

The Corporation immediately recognizes impairment loss on its net investments in subsidiaries and associates when there is any indication that an investment may be impaired and the carrying amount may not be recoverable. The Corporation's management evaluates such impairment based on the estimated future cash flow expected to be generated by the investments accounted for using the equity method. The Corporation also takes into consideration the market conditions and industry developments to evaluate the appropriateness of the relevant assumptions.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 1,286	\$ 1,311
Checking accounts and demand deposits	5,478,962	1,006,384
Cash equivalents		
Time deposits with original maturities of less than 3 months	6,000,000	4,209,698
Bonds issued under repurchase agreements	<u>528,166</u>	<u>1,448,854</u>
	<u>\$ 12,008,414</u>	<u>\$ 6,666,247</u>

The market rate intervals of cash in banks, time deposits and bonds issued under repurchase agreements at the end of the reporting period were as follows:

	December 31	
	2020	2019
Cash in banks	0.01%-0.39%	0.01%-1.56%
Time deposits with original maturities of less than 3 months	0.23%-0.35%	0.55%-2.36%
Bonds with repurchase agreements	0.21%-0.40%	0.50%-0.55%

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

	December 31	
	2020	2019
Current	\$ 4,900,000	\$ -
Non-current (included in other non-current assets)	<u>507,545</u>	<u>328,833</u>
	<u>\$ 5,407,545</u>	<u>\$ 328,833</u>

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

	December 31	
	2020	2019
	0.10%-0.84%	0.13%-1.09%

Refer to Note 28 for information relating to pledged financial assets at amortized cost.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Redemption options and put options of convertible bonds	\$ 17,092	\$ 1,235
Non-derivative financial assets		
Domestic listed shares	171,613	160,957
Domestic emerging market shares	<u>101,931</u>	<u>96,910</u>
	<u>\$ 290,636</u>	<u>\$ 259,102</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2020	2019
<u>Current</u>		
Domestic investments		
Listed shares	\$ 3,374,595	\$ 3,613,865
Convertible preference shares	<u>30,002</u>	<u>31,332</u>
	<u>\$ 3,404,597</u>	<u>\$ 3,645,197</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 5,653,008</u>	<u>\$ 5,334,757</u>

9. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	2020	2019
Notes receivable	\$ 1,171,973	\$ 1,112,966
Less: Allowance for impairment loss	<u>(10,938)</u>	<u>(10,517)</u>
	<u>1,161,035</u>	<u>1,102,449</u>
Accounts receivable	3,658,852	3,527,300
Less: Allowance for impairment loss	<u>(35,792)</u>	<u>(37,056)</u>
	<u>3,623,060</u>	<u>3,490,244</u>
	<u>\$ 4,784,095</u>	<u>\$ 4,592,693</u>

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

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

The aging analysis of receivables was as follows:

	December 31	
	2020	2019
Up to 90 days	\$ 4,682,113	\$ 4,443,476
91-180 days	78,266	129,178
181-365 days	4,410	11,403
Over 365 days	<u>19,306</u>	<u>8,636</u>
	<u>\$ 4,784,095</u>	<u>\$ 4,592,693</u>

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

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 47,573	\$ 43,171
Add: Net remeasurement of loss allowance	1,754	6,725
Less: Amounts written off	<u>(2,597)</u>	<u>(2,323)</u>
Balance at December 31	<u>\$ 46,730</u>	<u>\$ 47,573</u>

10. INVENTORIES

	December 31	
	2020	2019
Finished goods	\$ 416,899	\$ 501,088
Work in process	307,655	447,633
Raw materials	250,702	215,211
Supplies	<u>254,488</u>	<u>251,290</u>
	<u>\$ 1,229,744</u>	<u>\$ 1,415,222</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$17,628,959 thousand and \$17,260,649 thousand, respectively. The cost of goods sold included inventory write-downs of \$0 thousand and \$4,851 thousand for 2020 and 2019, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Investments in subsidiaries	\$ 239,635,156	\$ 222,099,090
Investments in associates	<u>8,828,065</u>	<u>8,955,965</u>
	<u>\$ 248,463,221</u>	<u>\$ 231,055,055</u>

a. Investments in subsidiaries

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Listed company		
Taiwan Prosperity Chemical Corporation	\$ 734,888	\$ 658,029
Unlisted companies		
TCC International Ltd. (“TCCP”)	111,330,984	103,716,200
TCC International Holdings Ltd. (“TCCIH”)	56,398,941	49,332,748
Taiwan Cement (Dutch) Holdings B.V. (Taiwan Cement Dutch)	29,075,184	27,952,597
Ho-Ping Power Company	18,279,509	17,378,914
Hoping Industrial Port Corporation	5,733,662	5,703,414
TCC Investment Corporation	4,624,367	4,451,678
TCC Green Energy Corporation	3,149,254	3,164,031
Ta-Ho Maritime Corporation	2,684,377	2,575,734
Taiwan Transport & Storage Corporation	2,002,162	1,965,859
TCC Chemical Corporation	1,384,605	1,255,735
Ho Sheng Mining Co., Ltd.	1,319,558	1,181,433
Taiwan Cement Engineering Corporation	720,745	732,796
Kuan-Ho Refractories Industry Corporation	513,065	450,426
Hong Kong Cement Manufacturing Co., Ltd.	419,033	378,032
Feng Sheng Enterprise Company	401,193	362,317
TCC Information Systems Corporation	251,518	238,516
Ta-Ho Onyx RSEA Environment Co., Ltd.	187,876	193,848
Jin Chang Minerals Corporation	183,553	178,884
E.G.C. Cement Corporation	118,558	112,235
HPC Power Service Corporation	118,401	113,640
Tung Chen Mineral Corporation	1,269	1,311
TCC Energy Storage Technology Corporation	984	-
TCC Sustainable Energy Investment Corporation	975	-
TCCMOLI Holdings (Singapore) Pte. Ltd. (“TCCMOLI”)	<u>495</u>	<u>713</u>
	<u>\$ 239,635,156</u>	<u>\$ 222,099,090</u>

	Proportion of Ownership and Voting Rights	
	December 31	
	2020	2019
Listed company		
Taiwan Prosperity Chemical Corporation (Notes 1 and 4)	71.1%	40.0%
Unlisted companies		
TCCI	100.0%	100.0%
TCCIH	38.3%	38.3%
Taiwan Cement Dutch (Note 2)	100.0%	100.0%
Ho-Ping Power Company	59.5%	59.5%
Hoping Industrial Port Corporation	100.0%	100.0%
TCC Investment Corporation	100.0%	100.0%
TCC Green Energy Corporation	100.0%	100.0%
Ta-Ho Maritime Corporation	64.8%	64.8%
Taiwan Transport & Storage Corporation	83.9%	83.9%
TCC Chemical Corporation	100.0%	100.0%
Ho Sheng Mining Co., Ltd.	100.0%	100.0%
Taiwan Cement Engineering Corporation (Note 1)	99.2%	99.0%
Kuan-Ho Refractories Industry Corporation	95.3%	95.3%
HKCMCL	84.7%	84.7%
Feng Sheng Enterprise Company (Note 4)	45.4%	45.4%
TCC Information Systems Corporation	99.4%	99.4%
Ta-Ho Onyx RSEA Environment Co., Ltd.	66.6%	66.6%
Jin Chang Minerals Corporation	100.0%	100.0%
E.G.C. Cement Corporation	50.6%	50.6%
HPC Power Service Corporation	60.0%	60.0%
Tung Chen Mineral Corporation	99.5%	99.5%
TCC Energy Storage Technology Corporation (Note 3)	100.0%	-
TCC Sustainable Energy Investment Corporation (Note 3)	100.0%	-
TCCMOLI (Note 3)	100.0%	100.0%
TMC (Note 5)	72.7%	72.7%
TPMC (Notes 4 and 5)	40.0%	40.0%

Note 1: The board of directors of the Corporation approved the tender offer of the ordinary shares of Taiwan Prosperity Chemical Corporation with \$18 per share in July 2020 and approved the share swap by cash for the acquisition of 100% shares of Taiwan Prosperity Chemical Corporation and the delisting of the shares of Taiwan Prosperity Chemical Corporation in accordance with the applicable laws and regulations. As of December 31, 2020, the Corporation had conducted the tender offer of 31.1% of the ordinary shares and the total amount was \$738,955 thousand. The date of the share swap of the remaining shares is temporarily set on January 18, 2021. The Corporation paid \$934 thousand to acquire the shares of Taiwan Cement Engineering Corporation.

Note 2: The Corporation invested \$224,758 thousand in the capital of Taiwan Cement Dutch in 2020.

Note 3: The Corporation invested \$1,000 thousand in the establishments of TCC Energy Storage Technology Corporation and TCC Sustainable Energy Investment Corporation in 2020, respectively. The Corporation invested \$929 thousand in the establishment of TCCMOLI in the second half of 2019.

Note 1: The Corporation invested \$1,000 thousand for the establishment of TCC Recycling Energy Company in June 2019. TCC Recycle Energy Technology Company increased its capital in August 2019. However, the Corporation subscribed for the shares in the amount of \$340,200 thousand, which was not based on its existing shareholding percentage, thus, its percentage of ownership decreased from 100% to 17.6%. In August 2019, the board of directors of both TCC Recycle Energy Technology Company and E-ONE Moli Energy Corp. resolved to enter into a share swap agreement according to the Business Mergers and Acquisitions Act, under which TCC Recycle Energy Technology Company shall issue preferred shares A which are to be converted into ordinary shares of E-ONE Moli Energy Corp. at the ratio of 1:1. In the fourth quarter of 2019, the Corporation chose to fully convert the ordinary shares of E-ONE Moli Energy Corp. into the preferred shares A of TCC Recycling Energy Company with a book value of \$1,006,394 thousand, and converted them into ordinary shares at the ratio of 1:1 in accordance with the terms and conditions for the issuance of preferred shares. Thus, the Corporation's percentage of ownership in TCC Recycling Energy Company increased from 17.6% to 18.2%.

Note 2: The Corporation's ownership percentage in International CSRC Investment Holdings Co., Ltd. is less than 20%; however, the Corporation has significant influence and therefore accounts for the investment by using the equity method.

The aforementioned investments in associates accounted for using the equity method and the share of profit or loss and other comprehensive income of these associates for the years ended December 31, 2020 and 2019 were based on the associates' audited financial statements for the same periods.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 18,117,555	\$ 15,870,687	\$ 20,096,838	\$ 3,613,354	\$ -	\$ 57,698,434
Additions	11,277	5,176	110,827	236,173	-	363,453
Disposals	-	-	(146,859)	(74,748)	-	(221,607)
Reclassification	-	2,330	55,111	2,125	-	59,566
Balance at December 31, 2019	<u>\$ 18,128,832</u>	<u>\$ 15,878,193</u>	<u>\$ 20,115,917</u>	<u>\$ 3,776,904</u>	<u>\$ -</u>	<u>\$ 57,899,846</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2019	\$ 274,188	\$ 7,830,377	\$ 19,190,210	\$ 3,396,353	\$ -	\$ 30,691,128
Depreciation expenses	-	317,403	186,090	61,876	-	565,369
Disposals	-	-	(146,730)	(74,729)	-	(221,459)
Balance at December 31, 2019	<u>\$ 274,188</u>	<u>\$ 8,147,780</u>	<u>\$ 19,229,570</u>	<u>\$ 3,383,500</u>	<u>\$ -</u>	<u>\$ 31,035,038</u>
Carrying amounts at December 31, 2019	<u>\$ 17,854,644</u>	<u>\$ 7,730,413</u>	<u>\$ 886,347</u>	<u>\$ 393,404</u>	<u>\$ -</u>	<u>\$ 26,864,808</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 18,128,832	\$ 15,878,193	\$ 20,115,917	\$ 3,776,904	\$ -	\$ 57,899,846
Additions	2,066,887	180,094	213,164	170,297	314,378	2,944,820
Disposals	(18,843)	(14,587)	(96,230)	(82,263)	-	(211,923)
Reclassification	1,383,270	57,226	490,095	26,182	(34,135)	1,922,638
Balance at December 31, 2020	<u>\$ 21,560,146</u>	<u>\$ 16,100,926</u>	<u>\$ 20,722,946</u>	<u>\$ 3,891,120</u>	<u>\$ 280,243</u>	<u>\$ 62,555,381</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
Accumulated depreciation and impairment						
Balance at January 1, 2020	\$ 274,188	\$ 8,147,780	\$ 19,229,570	\$ 3,383,500	\$ -	\$ 31,035,038
Depreciation expenses	-	319,270	193,855	74,218	-	587,343
Disposals	-	(14,587)	(96,230)	(81,458)	-	(192,275)
Reclassification	534,716	-	-	-	-	534,716
Balance at December 31, 2020	<u>\$ 808,904</u>	<u>\$ 8,452,463</u>	<u>\$ 19,327,195</u>	<u>\$ 3,376,260</u>	<u>\$ -</u>	<u>\$ 31,964,822</u>
Carrying amounts at December 31, 2020	<u>\$ 20,751,242</u>	<u>\$ 7,648,463</u>	<u>\$ 1,395,751</u>	<u>\$ 514,860</u>	<u>\$ 280,243</u>	<u>\$ 30,590,559</u>

(Concluded)

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

Buildings	
Main buildings	50 years
Main plants	15-50 years
Storage units	35-50 years
Others	20-50 years
Machinery and equipment	8-28 years
Miscellaneous equipment	2-20 years

Property, plant and equipment pledged as collateral for performance bonds are set out in Note 28.

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Acquisitions of property, plant and equipment	\$ 2,944,820	\$ 363,453
Increase in prepayments for equipment	123,460	650,869
Increase in payables for equipment	<u>(23,374)</u>	<u>(73,585)</u>
	<u>\$ 3,044,906</u>	<u>\$ 940,737</u>

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Carrying amounts</u>		
Land	\$ 200,458	\$ 174,101
Buildings	854,454	1,000,085
Machinery	224,582	205,660
Others	<u>34,697</u>	<u>34,492</u>
	<u>\$ 1,314,191</u>	<u>\$ 1,414,338</u>

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 157,052</u>	<u>\$ 74,337</u>
Depreciation charge for right-of-use assets		
Land	\$ 75,222	\$ 63,695
Buildings	148,373	150,216
Machinery	103,293	93,754
Others	<u>13,157</u>	<u>11,820</u>
	<u>\$ 340,045</u>	<u>\$ 319,485</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 259,111</u>	<u>\$ 289,436</u>
Non-current	<u>\$ 1,071,273</u>	<u>\$ 1,133,140</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.79%-1.85%	1.85%
Buildings	1.85%	1.85%
Machinery	1.85%-1.90%	1.85%-1.90%
Other	1.85%-1.90%	1.85%-1.90%

c. Important tenancy activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 24,952</u>	<u>\$ 41,159</u>
Expenses relating to low-value asset leases	<u>\$ 56</u>	<u>\$ -</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 37,018</u>	<u>\$ 25,296</u>
Total cash outflow for leases	<u>\$ (390,657)</u>	<u>\$ (386,669)</u>

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

14. INVESTMENT PROPERTIES

	<u>December 31</u>	
	2020	2019
Land	\$ 2,494,241	\$ 3,342,795
Buildings	<u>9,108</u>	<u>9,196</u>
	<u>\$ 2,503,349</u>	<u>\$ 3,351,991</u>

The buildings of the investment properties are depreciated over their estimated useful lives of 50 years, using the straight-line method. The Corporation transfers land used by the Corporation of \$848,554 thousand to property, plant and equipment in 2020.

The fair values of the investment properties were determined by independent qualified professional valuers or the Corporation's management using market prices of similar properties. As of December 31, 2020 and 2019, the fair values of investment properties were \$6,072,600 and \$8,736,723 thousand, respectively.

15. BORROWINGS

a. Short-term loans

	<u>December 31</u>	
	2020	2019
Unsecured borrowings		
Bank loans - unsecured	\$ 23,048,000	\$ 16,050,000
Bank loans - letters of credit	<u>303,729</u>	<u>275,928</u>
	<u>\$ 23,351,729</u>	<u>\$ 16,325,928</u>
Interest rate	0.62%-0.98%	0.82%-2.77%

b. Long-term loans and long-term bills payables

	<u>December 31</u>	
	2020	2019
Syndicated loans	\$ 21,453,417	\$ 21,431,917
Less: Current portions	<u>4,300,000</u>	<u>-</u>
	<u>17,153,417</u>	<u>21,431,917</u>
Long-term bills payables	5,000,000	10,828,000
Less: Discount of long-term bills payables	<u>8,673</u>	<u>21,503</u>
	<u>4,991,327</u>	<u>10,806,497</u>
	<u>\$ 22,144,744</u>	<u>\$ 32,238,414</u>
Interest rate - syndicated loan	1.79%	1.79%
Interest rate - long-term bills payables	1.19%	1.32%

The Corporation entered into a 5-year syndicated loan agreement with a bank consortium with a credit line of \$43 billion in March 2018, which was divided into two tranches, A and B. The key terms and conditions are set forth below:

- 1) The credit facility of Tranche A is \$21.5 billion non-revolving credit line. The Corporation has fully utilized in 2019, respectively. Starting from March 2021, its principal shall be repaid equally in 5 semi-annual installments and shall mature in March 2023; interest shall be paid quarterly.
- 2) The credit facility of Tranche B which is the nature of long-term bills payable is \$21.5 billion and shall be fully drawn down on a revolving basis. The period of each actual drawdown can be at least 30 but not over 180 days, and the maturity date of each drawdown period shall not exceed the credit period. The final maturity date shall be in March 2023.

There were several financial limited terms of long-term loans and long-term bills payables as mentioned above. The Corporation had not violated them for the year ended December 31, 2020.

16. BONDS PAYABLE

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

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

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

a. Domestic unsecured bonds

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

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

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

b. Overseas unsecured convertible bonds

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

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

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

	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>\$ 9,380,990</u>

17. OTHER PAYABLES

	December 31	
	2020	2019
Salaries and bonuses payable	\$ 772,405	\$ 928,855
Payable for interests	329,422	200,846
Payable for repairs	306,331	255,689
Payable for equipment	174,985	151,166
Taxes payable	149,629	124,617
Payables for electricity	76,059	77,249
Freight payables	61,436	60,891
Payable for rentals	34,541	156,604
Others	<u>295,142</u>	<u>268,439</u>
	<u>\$ 2,199,950</u>	<u>\$ 2,224,356</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plan

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

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

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ (679,318)	\$ (688,627)
Fair value of plan assets	<u>2,228,366</u>	<u>2,107,317</u>
Net defined benefit assets	<u>\$ 1,549,048</u>	<u>\$ 1,418,690</u>

Movements in net defined benefit assets were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2019	\$ (683,569)	\$ 1,674,672	\$ 991,103
Service costs			
Current service costs	(3,754)	-	(3,754)
Net interest income (expense)	(6,828)	16,763	9,935
Recognized in profit or loss	(10,582)	16,763	6,181
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	443,154	443,154
Actuarial loss - changes in demographic assumptions	(3)	-	(3)
Actuarial loss - changes in financial assumptions	(19,791)	-	(19,791)
Actuarial gain - experience adjustments	(1,954)	-	(1,954)
Recognized in other comprehensive income	(21,748)	443,154	421,406
Benefits paid	27,272	(27,272)	-
Balance at December 31, 2019	(688,627)	2,107,317	1,418,690
Service costs			
Current service costs	(2,428)	-	(2,428)
Net interest income (expense)	(4,304)	13,170	8,866
Recognized in profit or loss	(6,732)	13,170	6,438
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	145,435	145,435
Actuarial loss - changes in demographic assumptions	(12,474)	-	(12,474)
Actuarial loss - changes in financial assumptions	(9,041)	-	(9,041)
Recognized in other comprehensive income	(21,515)	145,435	123,920
Benefits paid	37,556	(37,556)	-
Balance at December 31, 2020	\$ (679,318)	\$ 2,228,366	\$ 1,549,048

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

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

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

	December 31	
	2020	2019
Discount rates	0.38%	0.63%
Expected rates of salary increase	2.25%	2.25%

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

	December 31	
	2020	2019
Discount rates		
0.25% increase	<u>\$ (12,475)</u>	<u>\$ (13,293)</u>
0.25% decrease	<u>\$ 12,839</u>	<u>\$ 13,700</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 12,388</u>	<u>\$ 13,251</u>
0.25% decrease	<u>\$ (12,102)</u>	<u>\$ (12,926)</u>

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

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ -</u>	<u>\$ -</u>
The average duration of the defined benefit obligation	7.8 years	8.3 years

19. EQUITY

a. Share capital

1) Ordinary shares

	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 dividends. The authorized shares including ordinary shares and preference shares contain 60,000 thousand units retained for the exercise of employee share options.

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

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

2) Preference shares

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

3) Certificate of entitlement to new shares form convertible bonds

	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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of shares	\$ 44,176,367	\$ 44,176,367
Conversion of bonds	3,174,361	1,520,632
Difference between the consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions	22,400	466,784
Treasury share transactions	204,691	204,127
Donations	31,537	31,537
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	116,238	116,238
Forfeited share options	13,542	10,695
Dividends distributed by subsidiaries not yet received by shareholders	2,510	2,161
<u>May not be used for any purpose</u>		
Equity component of convertible bonds payable	1,064,769	1,308,070
Changes in interests in associates accounted for using equity method	<u>316,035</u>	<u>179,336</u>
	<u>\$ 49,122,450</u>	<u>\$ 48,015,947</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions, other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 20(c): Net Income - employees' compensation and remuneration of directors.

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

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

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

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

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	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 2)
Share dividends on ordinary shares	2,728,810	3,575,593	<u>\$ 0.50</u> (Note 1)	<u>\$ 0.70</u> (Note 2)

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

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

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

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

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

d. Special reserve

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

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

e. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (11,660,261)	\$ (5,037,221)
Share of profit (loss) exchange differences of subsidiaries and associates accounted for using the equity method	<u>2,136,685</u>	<u>(6,623,040)</u>
Balance at December 31	<u>\$ (9,523,576)</u>	<u>\$ (11,660,261)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 35,395,116	\$ 24,074,566
Recognized during the period		
Unrealized gain - equity instruments	111,999	1,246,314
Share from associates accounted for using the equity method	<u>(4,735,000)</u>	<u>10,074,236</u>
Other comprehensive income recognized in the period	(4,623,001)	11,320,550
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(101,298)</u>	<u>-</u>
Balance at December 31	<u>\$ 30,670,817</u>	<u>\$ 35,395,116</u>

3) Cash flow hedges

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ -	\$ 1,109
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	(121)	(6,877)
Transferred to the initial carrying amount of hedged items	<u>(129)</u>	<u>5,768</u>
Balance at December 31	<u>\$ (250)</u>	<u>\$ -</u>

f. Treasury shares

(In Thousands of Shares)

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

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

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

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

20. NET INCOME

a. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	\$ 587,343	\$ 565,369
Right-of-use assets	340,045	319,485
Investment properties	<u>88</u>	<u>686</u>
	<u>\$ 927,476</u>	<u>\$ 885,540</u>

(Continued)

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	\$ 814,486	\$ 782,211
Operating expenses	112,397	102,731
Non-operating expenses	<u>593</u>	<u>598</u>
	<u>\$ 927,476</u>	<u>\$ 885,540</u>
An analysis of amortization by function		
Operating costs	<u>\$ 1</u>	<u>\$ -</u>
		(Concluded)

b. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Retirement benefit plans		
Defined contribution plan	\$ 33,311	\$ 30,412
Defined benefit plan	<u>(6,438)</u>	<u>(6,181)</u>
	<u>26,873</u>	<u>24,231</u>
Share-based payment		
Equity-settled	<u>4,808</u>	<u>826</u>
Other employee benefits	<u>1,413,104</u>	<u>1,598,307</u>
Total employee benefits expense	<u>\$ 1,444,785</u>	<u>\$ 1,623,364</u>
An analysis of amortization by function		
Operating costs	\$ 633,365	\$ 780,772
Operating expenses	<u>811,420</u>	<u>842,592</u>
	<u>\$ 1,444,785</u>	<u>\$ 1,623,364</u>

c. Employees' compensation and remuneration of directors

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

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

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

d. Other income

	For the Year Ended December 31	
	2020	2019
Net gain on fair value changes of financial assets at FVTPL	\$ 35,879	\$ 167,778
Interest income	74,136	101,734
Financial income	21,490	30,284
Others	<u>58,778</u>	<u>60,047</u>
	<u>\$ 190,283</u>	<u>\$ 359,843</u>

e. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on corporate bonds	\$ 793,471	\$ 616,160
Interest on bank borrowings	603,951	528,124
Interest on lease liabilities	25,553	28,127
Other finance costs	<u>85,471</u>	<u>144,337</u>
	<u>\$ 1,508,446</u>	<u>\$ 1,316,748</u>

f. Other expenses

	For the Year Ended December 31	
	2020	2019
Loss on work stoppage	\$ 131,011	\$ 127,439
Loss on foreign exchange	30,055	41,228
Others	<u>1,429</u>	<u>21,643</u>
	<u>\$ 162,495</u>	<u>\$ 190,310</u>

21. INCOME TAX

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 3,571	\$ -
Income tax on unappropriated earnings	201,675	15,430
Adjustments for prior years	<u>(9,579)</u>	<u>(26,187)</u>
	<u>195,667</u>	<u>(10,757)</u>
Deferred tax		
In respect of the current year	<u>36,577</u>	<u>11,041</u>
Income tax expense recognized in profit or loss	<u>\$ 232,244</u>	<u>\$ 284</u>

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

	For the Year Ended December 31	
	2020	2019
Income before income tax	<u>\$ 25,331,553</u>	<u>\$ 24,211,365</u>
Income tax expense at the statutory rate	\$ 5,066,311	\$ 4,842,273
Tax-exempt income	(1,388,776)	(1,056,908)
Unrecognized deductible temporary differences	(3,494,499)	(3,822,115)
Adjustments for prior years	(9,579)	(26,187)
Income tax on unappropriated earnings	201,675	15,430
Others	<u>(142,888)</u>	<u>47,791</u>
Income tax expense recognized in profit or loss	<u>\$ 232,244</u>	<u>\$ 284</u>

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Recognized during the year		
Remeasurement on defined benefit plan	<u>\$ 24,784</u>	<u>\$ 84,281</u>

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current income tax assets (included in other current assets)	<u>\$ 16,310</u>	<u>\$ 46,148</u>
Current income tax liabilities	<u>\$ 197,468</u>	<u>\$ -</u>

d. Deferred income tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred income tax assets</u>				
Inventories	\$ 48,088	\$ -	\$ -	\$ 48,088
Property, plant and equipment	21,062	(1,368)	-	19,694
Long-term employee benefits plan	13,045	2,100	-	15,145
Deferred revenue	4,652	(246)	-	4,406
Others	<u>36,852</u>	<u>(31,284)</u>	<u>-</u>	<u>5,568</u>
	<u>\$ 123,699</u>	<u>\$ (30,798)</u>	<u>\$ -</u>	<u>\$ 92,901</u>
<u>Deferred income tax liabilities</u>				
Land value increment tax	\$ 4,893,010	\$ (9,598)	\$ -	\$ 4,883,412
Defined benefit plan	262,260	1,287	24,784	288,331
Unappropriated earnings from foreign subsidiaries	182,691	13,041	-	195,732
Others	<u>-</u>	<u>1,049</u>	<u>-</u>	<u>1,049</u>
	<u>\$ 5,337,961</u>	<u>\$ 5,779</u>	<u>\$ 24,784</u>	<u>\$ 5,368,524</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred income tax assets</u>				
Inventories	\$ 47,118	\$ 970	\$ -	\$ 48,088
Property, plant and equipment	22,956	(1,894)	-	21,062
Long-term employee benefits plan	10,595	2,450	-	13,045
Deferred revenue	4,897	(245)	-	4,652
Investment properties	2,736	(2,736)	-	-
Others	<u>32,092</u>	<u>4,760</u>	<u>-</u>	<u>36,852</u>
	<u>\$ 120,394</u>	<u>\$ 3,305</u>	<u>\$ -</u>	<u>\$ 123,699</u>
<u>Deferred income tax liabilities</u>				
Land value increment tax	\$ 4,893,010	\$ -	\$ -	\$ 4,893,010
Defined benefit plan	176,743	1,236	84,281	262,260
Unappropriated earnings from foreign subsidiaries	<u>169,581</u>	<u>13,110</u>	<u>-</u>	<u>182,691</u>
	<u>\$ 5,239,334</u>	<u>\$ 14,346</u>	<u>\$ 84,281</u>	<u>\$ 5,337,961</u>

- e. Aggregate temporary differences associated with investments for which deferred income tax liabilities have not been recognized

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

- f. Income tax assessments

The tax returns of the Corporation through 2018 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

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

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

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

23. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES WITHOUT CHANGE OF CONTROL

From January 1, 2020 to December 31, 2020, the Corporation acquired a portion of the shares of Taiwan Prosperity Chemical Corporation and Taiwan Cement Engineering Corporation, and increased its proportionate ownership interests from 40.0% to 71.1% and 99.0% to 99.2%, respectively. The above transactions were accounted for as equity transactions, since there was no change in the Corporation's control over these subsidiaries.

Refer to Notes of the consolidated financial statements for related disclosures in 2020.

24. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Effect of Exchange Rate and Others	Closing Balance
Short-term borrowings	\$ 16,325,928	\$ 7,025,551	\$ 250	\$ 23,351,729
Long-term borrowings (including those expiring within a year)	<u>21,431,917</u>	<u>-</u>	<u>21,500</u>	<u>21,453,417</u>
	<u>\$ 37,757,845</u>	<u>\$ 7,025,551</u>	<u>\$ 21,750</u>	<u>\$ 44,805,146</u>

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Effect of Exchange Rate and Others	Closing Balance
Short-term borrowings	\$ 12,969,000	\$ 3,362,015	\$ (5,087)	\$ 16,325,928
Long-term borrowings (including those expiring within a year)	<u>13,510,417</u>	<u>7,900,000</u>	<u>21,500</u>	<u>21,431,917</u>
	<u>\$ 26,479,417</u>	<u>\$ 11,262,015</u>	<u>\$ 16,413</u>	<u>\$ 37,757,845</u>

25. CAPITAL MANAGEMENT

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

26. FINANCIAL INSTRUMENTS

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

December 31, 2020

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

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	\$ 11,155,018	\$ -	\$ -	\$ 11,695,351	\$ 11,695,351

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives - redemption options and put options of convertible bonds	\$ -	\$ -	\$ 17,092	\$ 17,092
Domestic listed shares	171,613	-	-	171,613
Domestic emerging market shares	101,931	-	-	101,931
	<u>\$ 273,544</u>	<u>\$ -</u>	<u>\$ 17,092</u>	<u>\$ 290,636</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 3,374,595	\$ -	\$ -	\$ 3,374,595
Domestic unlisted shares	-	-	5,653,008	5,653,008
Domestic preference shares	30,002	-	-	30,002
	<u>\$ 3,404,597</u>	<u>\$ -</u>	<u>\$ 5,653,008</u>	<u>\$ 9,057,605</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives - redemption options and put options of convertible bonds	\$ -	\$ -	\$ 1,235	\$ 1,235
Domestic listed shares	160,957	-	-	160,957
Domestic emerging market shares	<u>96,910</u>	<u>-</u>	<u>-</u>	<u>96,910</u>
	<u>\$ 257,867</u>	<u>\$ -</u>	<u>\$ 1,235</u>	<u>\$ 259,102</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 3,613,865	\$ -	\$ -	\$ 3,613,865
Domestic unlisted shares	-	-	5,334,757	5,334,757
Domestic preference shares	<u>31,332</u>	<u>-</u>	<u>-</u>	<u>31,332</u>
	<u>\$ 3,645,197</u>	<u>\$ -</u>	<u>\$ 5,334,757</u>	<u>\$ 8,979,954</u>

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

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

	For the Year Ended December 31, 2020
Financial assets at FVTOCI	
Equity instruments	
Balance at January 1, 2020	\$ 5,334,757
Additional	1
Recognized in other comprehensive income	372,219
Disposal	<u>(53,969)</u>
Balance at December 31, 2020	<u>\$ 5,653,008</u>
Financial assets at FVTPL	
Derivative instruments	
Balance at January 1, 2020 (recognized as financial liabilities at FVTPL)	\$ 1,235
Recognized in income	20,202
Convertible bonds converted into ordinary shares	<u>(4,345)</u>
Balance at December 31, 2020	<u>\$ 17,092</u>

	For the Year Ended December 31, 2019
Financial assets at FVTOCI	
Equity instruments	
Balance at January 1, 2019	\$ 4,414,734
Convertible preference shares transferred from Level 3 to Level 1 due to listing	(29,559)
Recognized in other comprehensive income	954,166
Disposal	<u>(4,584)</u>
Balance at December 31, 2019	<u>\$ 5,334,757</u>
Financial assets at FVTPL	
Derivative instruments	
Balance at January 1, 2019 (recognized as financial liabilities at FVTPL)	\$ (139,460)
Recognized in income	<u>140,695</u>
Balance at December 31, 2019	<u>\$ 1,235</u>

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

- a) There were no quoted prices in active markets for put options and redemption options of ECB issued by the Corporation. Hence, the fair values of options are determined using the binomial option pricing model where the unobservable input is historical volatility. An increase in historical volatility used in isolation would result in an increase in the fair value. As of December 31, 2020 and 2019, the historical volatility used were 23.69% and 14.67%, respectively.
- b) The Corporation measures the fair value of its investments on domestic unlisted shares by using the asset-based approach, the market approach, and the dividend discount model.

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

	<u>December 31</u>	
	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:

	<u>December 31</u>	
	2020	2019
Comprehensive discount for lack of marketability and non-controlling interests		
1% increase	<u>\$ (13,004)</u>	<u>\$ (13,056)</u>
1% decrease	<u>\$ 13,004</u>	<u>\$ 13,056</u>

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

	<u>December 31</u>	
	2020	2019
Discount for lack of marketability	-	30%

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

	<u>December 31</u>	
	2020	2019
Discount for lack of marketability		
1% increase	<u>\$ -</u>	<u>\$ (213)</u>
1% decrease	<u>\$ -</u>	<u>\$ 213</u>

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

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

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

	<u>December 31</u>	
	2020	2019
Discount for lack of marketability		
1% increase	<u>\$ (49,730)</u>	<u>\$ (45,868)</u>
1% decrease	<u>\$ 49,730</u>	<u>\$ 45,868</u>

c. Categories of financial instruments

	<u>December 31</u>	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 290,636	\$ 259,102
Financial assets measured at amortized cost (1)	22,782,684	12,542,696
Financial assets at FVTOCI		
Equity instruments	9,057,605	8,979,954

(Continued)

	December 31	
	2020	2019
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	\$ 107,521,067	\$ 88,066,119 (Concluded)

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables (included in other current assets).
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, accounts payable (including related parties transactions), other payables, other payable to related parties (included in other current liabilities), bonds payable, long-term loans (including current portion) and long-term bills payable.

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency at the end of the reporting period are set out in Note 30.

The Corporation was mainly exposed to the USD. Regarding outstanding foreign monetary items, if there is a 1% increase or decrease in the NTD against the USD net income and equity for the years ended December 31, 2020 and 2019 would increase/decrease by \$2,965 thousand and \$5,960 thousand, respectively.

b) Interest rate risk

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

	December 31	
	2020	2019
Cash flow interest rate risk		
Financial assets	\$ 5,478,962	\$ 1,006,384
Financial liabilities	44,805,146	37,757,845

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

For the Corporation's floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the years ended December 31, 2020 and 2019 would increase/decrease by \$21,916 thousand and \$4,026 thousand, respectively.

For the Corporation's floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the years ended December 31, 2020 and 2019 would increase/decrease by \$179,221 thousand and \$151,031 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity instruments and commodities price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. Sensitivity analyses were used for evaluating the exposure to equity price risks.

The sensitivity analyses below were based on the exposure of equity instruments/commodity price risk on the balance sheet date.

The sensitivity analyses were based on the exposure of equity instruments/commodities at the end of the reporting period. If equity instruments/commodities prices of financial assets at FVTPL had been 5% higher/lower, profit or loss for the year ended December 31, 2020 and 2019 would increase/decrease by \$13,677 thousand and \$12,893 thousand, respectively. If equity instruments/commodity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the nine months ended December 31, 2020 and 2019 would increase/decrease by \$452,880 thousand and \$448,998 thousand, respectively.

2) Credit risk

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

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

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

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

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of December 31, 2020 and 2019, the amount of unused financing facilities was \$30,490,501 thousand and \$27,018,256 thousand, respectively.

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

December 31, 2020

	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	\$ 185,583	\$ 2,349,396	\$ 1,471,121	\$ 56,373	\$ 1,613
Lease liabilities	72,181	30,457	177,973	736,869	405,381
Variable interest rate liabilities	5,618,460	18,324,462	4,025,602	17,584,743	-
Fixed interest rate liabilities	-	-	484,620	29,739,450	35,080,160
	<u>\$ 5,876,224</u>	<u>\$ 20,704,315</u>	<u>\$ 6,159,316</u>	<u>\$ 48,117,435</u>	<u>\$ 35,487,154</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 280,611</u>	<u>\$ 736,869</u>	<u>\$ 303,748</u>	<u>\$ 101,633</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	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	\$ 177,527	\$ 2,600,408	\$ 1,182,326	\$ 30,371	\$ 3,441
Lease liabilities	55,391	33,095	225,152	685,336	534,195
Variable interest rate liabilities	1,151,806	13,902,659	1,696,008	22,154,062	-
Fixed interest rate liabilities	-	-	311,100	37,335,877	13,836,000
	<u>\$ 1,384,724</u>	<u>\$ 16,536,162</u>	<u>\$ 3,414,586</u>	<u>\$ 60,205,646</u>	<u>\$ 14,373,636</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 313,638</u>	<u>\$ 685,336</u>	<u>\$ 411,890</u>	<u>\$ 103,356</u>	<u>\$ 18,949</u>	<u>\$ -</u>

27. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in other notes, details of transactions between the Corporation and other related parties are disclosed below.

a. Name of the related parties and relationship

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Ta-Ho Maritime Corporation (Ta-Ho Maritime)	Subsidiaries
Taiwan Transport & Storage Corporation (Taiwan Transport & Storage)	Subsidiaries
Taiwan Cement Engineering Corporation	Subsidiaries
Kuan-Ho Refractories Industry Corporation (Kuan-Ho Refractories Industry)	Subsidiaries
TCC Investment Corporation (TCC Investment)	Subsidiaries
TCC Chemical Corporation (TCC Chemical)	Subsidiaries
TCC Information Systems Corporation (TCC Information Systems)	Subsidiaries
Taiwan Prosperity Chemical Corporation	Subsidiaries
Tung Chen Mineral Corporation	Subsidiaries
Jin Chang Minerals Corporation	Subsidiaries
Hoping Industrial Port Corporation (Hoping Industrial Port)	Subsidiaries
Ho-Ping Power Company	Subsidiaries
HPC Power Services Corporation	Subsidiaries
Feng Sheng Enterprise Company (Feng Sheng Enterprise)	Subsidiaries
E.G.C. Cement Corporation (E.G.C. Cement)	Subsidiaries
Union Cement Traders Inc. (Union Cement Traders)	Subsidiaries
Hong Kong Cement Company Ltd. (“HKCCL”)	Subsidiaries
TCC International Ltd. (“TCCP”)	Subsidiaries
TCC International Holdings Ltd. (“TCCIH”)	Subsidiaries
TCC Green Energy Corporation	Subsidiaries
Ho Sheng Mining Co., Ltd. (Ho Sheng Mining)	Subsidiaries
Taiwan Cement (Dutch) Holdings B.V. (Taiwan Cement Dutch)	Subsidiaries
TCCMOLI Holdings (Singapore) Pte. Ltd.	Subsidiaries
TCC Sustainable Energy Investment Corporation	Subsidiaries
TCC Energy Storage Technology Corporation	Subsidiaries
TJ Transport Corporation	Second-tier Subsidiaries
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd. (dissolved and closed in March 2019)	Same key management personnel
Chinatrust Investment Co., Ltd.	Same key management personnel
Linyuan Advanced Materials Technology Co., Ltd.	Same key management personnel
Circular Commitment Company	Same key management personnel
Hualien County Ho-Ping Culture and Art Foundation	Same key management personnel
Sing Cheng Investment Co., Ltd.	Same key management personnel
Pan Asia Corporation	The Corporation acts as key management personnel
China Hi-Ment Corporation (China Hi-Ment)	The Corporation acts as key management personnel

(Continued)

<u>Related Party</u>	<u>Relationship with the Corporation</u>
O-Bank Co., Ltd. (O-Bank)	The Corporation acts as key management personnel
Rong Gong Enterprise Co. (Rong Gong)	The Corporation acts as key management personnel
Ta-Ho Taitung Environment Co., Ltd. (Ta-Ho Taitung Environment) (in the process of liquidation since December 2019, process of liquidation finished in 2020)	The Corporation acts as key management personnel
CTCI Corporation (became related parties since May 2020)	The Corporation acts as key management personnel
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Corporation
Chia Hsin Cement Corporation (Chia Hsin Cement)	Management personnel in substance
Chia Hsin R.M.C. Corp. (Chia Hsin R.M.C.)	Management personnel in substance
The Koo Foundation	Management personnel in substance
L'Hotel de Chine Corporation	Management personnel in substance
FDC International Hotels Corporation	Management personnel in substance
Fortune Quality investment Limited	Management personnel in substance
Chia Hsin Property Management and Development Corp. (Chia Hsin Property)	Management personnel in substance
International CSRC Investment Holdings Co., Ltd.	Associates
E-ONE Moli Energy Corporation	Associates
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Onyx Ta-Ho Waste Clearance Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd. (in the process of liquidation since December 2019, process of liquidation finished in 2020)	Associates
TCC Recycle Energy Technology Company	Associates

(Concluded)

b. Operating transactions

	<u>Operating Revenue</u>	
	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 1,953,631	\$ 1,755,466
Management personnel in substance	458,162	480,709
The Corporation acts as key management personnel	159,607	162,970
Investors with significant influence over the Corporation	33,515	148,286
Associates	20,512	22,261
Others	<u>4,264</u>	<u>5,047</u>
	<u>\$ 2,629,691</u>	<u>\$ 2,574,739</u>
	<u>Operating Costs and Expenses</u>	
	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 4,096,552	\$ 4,054,613
The Corporation acts as key management personnel	760,215	649,038
Management personnel in substance	69,842	68,917
Others	<u>6,636</u>	<u>18,761</u>
	<u>\$ 4,933,245</u>	<u>\$ 4,791,329</u>

Receivables from related parties

	December 31	
	2020	2019
Subsidiaries		
E.G.C. Cement	\$ 138,432	\$ 99,885
Feng Sheng Enterprise	117,249	123,566
HKCCL	99,810	63,529
Others	<u>42,876</u>	<u>42,027</u>
	<u>398,367</u>	<u>329,007</u>
Management personnel in substance		
Chia Hsin Cement	73,133	83,580
Others	<u>1,831</u>	<u>2,361</u>
	<u>74,964</u>	<u>85,941</u>
The Corporation acts as key management personnel	<u>30,925</u>	<u>64,992</u>
Others	<u>1,825</u>	<u>33,822</u>
	<u>\$ 506,081</u>	<u>\$ 513,762</u>

Payables to related parties

	December 31	
	2020	2019
Subsidiaries		
Ta-Ho Maritime	\$ 355,118	\$ 264,694
Kuan-Ho Refractories Industry	89,959	66,986
Taiwan Transport & Storage	71,965	63,273
Ho Sheng Mining	54,780	102,207
Others	<u>70,990</u>	<u>65,758</u>
	<u>642,812</u>	<u>562,918</u>
The Corporation acts as key management personnel		
China Hi-Ment	<u>147,713</u>	<u>141,757</u>
Others	<u>2,686</u>	<u>4,796</u>
	<u>\$ 793,211</u>	<u>\$ 709,471</u>

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

c. Other receivables from related parties (included in other current assets)

	December 31	
	2020	2019
The Corporation acts as key management personnel		
Ta-Ho Taitung Environment	\$ -	\$ 341,280
Others	-	4
	<u>-</u>	<u>341,284</u>
Subsidiaries		
TCCIH	7,630	7,841
Hoping Industrial Port	2,230	2,502
Others	<u>9,901</u>	<u>21,552</u>
	<u>19,761</u>	<u>31,895</u>
Others	<u>2,044</u>	<u>5,578</u>
	<u>\$ 21,805</u>	<u>\$ 378,757</u>

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

d. Other payables to related parties (included in other current liabilities)

	December 31	
	2020	2019
Subsidiaries		
TCC Information Systems	\$ 55,920	\$ 38,600
Others	<u>449</u>	<u>1,879</u>
	<u>56,369</u>	<u>40,479</u>
Others	<u>4,295</u>	<u>3,049</u>
	<u>\$ 60,664</u>	<u>\$ 43,528</u>

e. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2020	2019
Management personnel in substance		
Chia Hsin Property	<u>\$ 1,686,428</u>	<u>\$ -</u>

f. Endorsements and guarantees

	2020	2019
	Subsidiaries	
TCCI	\$ -	\$ 2,038,640
TCC Investment	1,540,000	1,840,000
Union Cement Traders	1,020,000	900,000
TCC Chemical	829,117	499,117
Others	<u>139,698</u>	<u>139,698</u>
	<u>\$ 3,528,815</u>	<u>\$ 5,417,455</u>

g. Lease arrangements

Related Party Category	December 31	
	2020	2019
<u>Acquisition of right-of-use assets</u>		
Management personnel in substance		
Chia Hsin Property	\$ 39	\$ 9,831
Chia Hsin Cement	-	31,392
Chia Hsin R.M.C.	-	10,544
	<u>\$ 39</u>	<u>\$ 51,767</u>
<u>Disposal</u>		
Right-of-use assets		
Management personnel in substance		
Chia Hsin Property	<u>\$ 1,922</u>	<u>\$ -</u>
Lease liabilities		
Management personnel in substance		
Chia Hsin Property	<u>\$ 1,953</u>	<u>\$ -</u>

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

Line Item	Related Party Category	December 31	
		2020	2019
Lease liabilities	Subsidiaries		
	E.G.C. Cement	\$ 269,388	\$ 284,935
	Others	7,230	9,426
		<u>276,618</u>	<u>294,361</u>
	Management personnel in substance		
	Chia Hsin Cement	10,593	26,240
	Chia Hsin R.M.C.	2,085	6,690
	Chia Hsin Property	-	6,247
		<u>12,678</u>	<u>39,177</u>
		<u>\$ 289,296</u>	<u>\$ 333,538</u>

Related Party Category	For the Year Ended December 31	
	2020	2019
<u>Interest expense</u>		
Subsidiaries		
E.G.C. Cement	\$ 5,125	\$ 5,409
Others	155	195
	<u>5,280</u>	<u>5,604</u>
Management personnel in substance	<u>501</u>	<u>432</u>
	<u>\$ 5,781</u>	<u>\$ 6,036</u>

h. Acquisition of financial assets

For the year ended December 31, 2020

Related Party Category/Name	Line Item	Number of Shares in Thousands	Underlying Assets	Purchase Price
The Corporation acts as key management personnel O-Bank	Financial assets at FVTOCI	3,090	Stock	<u>\$ 19,620</u>

i. Disposal of financial assets

For the year ended December 31, 2020

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

j. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 398,579	\$ 376,328
Post-employment benefits	2,040	1,621
Share-based payment	<u>4,808</u>	<u>826</u>
	<u>\$ 405,427</u>	<u>\$ 378,775</u>

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for performance bonds and other credit accommodations:

	December 31	
	2020	2019
Property, plant and equipment	\$ 157,453	\$ 157,453
Pledged bank deposits (included in other non-current assets)	<u>507,545</u>	<u>328,833</u>
	<u>\$ 664,998</u>	<u>\$ 486,286</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2020 and 2019, the balances of letters of credit for the purchase of raw materials were \$145,571 thousand and \$155,377 thousand, respectively.
- b. As of December 31, 2020 and 2019, the amounts of letters of guarantee issued by banks for the Corporation were both \$22,120 thousand.
- c. On September 16, 2020, the board of directors of the Corporation resolved to increase investment in TCCIH by US\$330,000 thousand to repay foreign currency bank loans of TCCIH and improve the Group's financial structure.
- d. On December 15, 2020, the board of directors of the Corporation approved the plan to purchase land in Hoping Industrial Park from Industrial Development Bureau, Ministry of Economic Affairs to expand the storage space of alternative raw material. The total consideration of land purchase plus industrial park development management funds was \$1,861,848 thousand. As of the date the financial statements were authorized for issue, the deposit, as 3% of the total consideration, had been paid.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Corporation's functional currency and the exchange rates between such foreign currencies and the Corporation's functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 25,419	28.48 (USD:NTD)	\$ 723,933
Non-monetary items			
USD	59,216	28.48 (USD:NTD)	1,686,470
HKD	45,779,733	3.673 (HKD:NTD)	168,148,958
EUR	823,912	35.02 (EUR:NTD)	28,853,381
<u>Financial liabilities</u>			
Monetary items			
USD	12,405	28.48 (USD:NTD)	353,286

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 34,283	29.98 (USD:NTD)	\$ 1,027,804
Non-monetary items			
USD	57,776	29.98 (USD:NTD)	1,732,132
HKD	39,861,517	3.849 (HKD:NTD)	153,426,980
EUR	825,567	33.59 (EUR:NTD)	27,730,794
<u>Financial liabilities</u>			
Monetary items			
USD	9,433	29.98 (USD:NTD)	282,810

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the share capital (Table 5)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the share capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 7)
- 9) Trading in derivative instruments (Notes 7, 16 and 26)
- 10) Information on investees (Table 8)

- b. Information on investments in mainland China (Table 9)
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance during the year, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of service.
 - c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

32. OTHER EVENTS

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

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIODS

- a. On January 18, 2021, the Corporation acquired the ordinary shares of Taiwan Prosperity Chemical Corporation with share swap by cash in accordance with the Business Mergers and Acquisitions Act and the share swap agreement. The corporation paid \$18 per share to other shareholders of Taiwan Prosperity Chemical Corporation and the total amount was \$685,845 thousand. Taiwan Prosperity Chemical Corporation became a wholly owned subsidiary of the Corporation. Meanwhile, the securities of Taiwan Prosperity Chemical Corporation were under suspension of trading and delisted on the same day with approval by competent authority.

- b. On March 19, 2021, the board of directors of the Corporation approved to sell 131,960 shares, equivalent to 100% of the total issued shares of Taiwan Prosperity Chemical Corporation, with \$18.18734 per share, for the total consideration of \$2,400,000 thousand to Chang Chun Plastics Co., Ltd. According to the Share Purchase Agreement, the Corporation planned to assist the termination of Equipment Lease Agreement between Taiwan Prosperity Chemical Corporation and TCC Chemical Corporation before the closing. Taiwan Prosperity Chemical Corporation planned to pay \$400,000 thousand to TCC Chemical Corporation as the consideration of the termination. Several conditions including but not limited to the approval of Taiwan Fair Trade Commission and Anti-monopoly Bureau of China were essential prerequisites to the accomplishment of the disposal plan.
- c. On March 19, 2021, the board of directors of the Corporation approved the plan to invest TCC Recycle Energy Technology Company with the limit of \$10,000,000 thousand while the subsidiary of TCC Recycle Energy Technology Company planned to build two production lines including plant, equipment and operation. In addition, its future trend was consistent with the Group's future development of energy storage.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	Tai-Jie Transport & Storage Corporation	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	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	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	\$ 874,174	\$ 874,174	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 26,954,645	\$ 53,909,290	
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
		TCC Guizhou Kong On Cement Company Limited	Other receivables from related parties	Yes	284,107	284,107	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
		TCC (Hangzhou) Recycle Resource Technology Limited	Other receivables from related parties	Yes	43,709	43,709	-	-	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
		Guigang TCC DongYuan Environmental Technology Company Limited	Other receivables from related parties	Yes	131,126	131,126	131,126	3.48	The need for short-term financing	-	Operating capital	-		-	26,954,645	53,909,290	
8	TCC Yingde Cement Co., Ltd.	TCC Shaoguan Cement Co., Limited	Other receivables from related parties	Yes	1,416,557	1,416,557	1,109,306	3.48	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC (Dong Guan) Cement Co., Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC Anshun Cement Co., Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		Guangan Changxing Cement Co., Ltd.	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC Huaihua Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	524,504	3.48	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC Jingzhou Cement Company Limited	Other receivables from related parties	Yes	218,544	218,544	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		TCC Chongqing Cement Company Limited	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables from related parties	Yes	655,631	655,631	-	-	The need for short-term financing	-	Operating capital	-		-	30,479,983	60,959,966	
		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	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
10	TCC International Holdings Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	\$ 239,122	\$ 212,793	\$ 212,176	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 147,332,657	\$ 294,665,314	
11	Prime York Ltd.	Upper Value Investment Limited	Other receivables from related parties	Yes	198,798	187,323	187,323	-	The need for short-term financing	-	Operating capital	-		-	3,047,596	6,095,192	
12	Jurong TCC Cement Co., Ltd.	TCC Anshun Cement Company Limited	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		TCC Chongqing Cement Co., Ltd.	Other receivables from related parties	Yes	874,174	874,174	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		TCC Guangan Cement Company Ltd.	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		TCC Liaoning Cement Company Limited	Other receivables from related parties	Yes	305,961	305,961	218,544	3.48	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		TCC Yingde Cement Co., Ltd.	Other receivables from related parties	Yes	437,087	437,087	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,978	36,121,955	
		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	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
15	Wayly Holdings Ltd.	Guizhou 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	
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	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
24	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: "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.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/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	

(Continued)

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

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

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	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	
Ta-Ho Maritime Corporation	<u>Ordinary shares</u>							
	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. CTCI Corporation Chia Hsin Cement Corporation Videoland Inc.	- The Corporation serve as director Director of parent company -	FVTOCI - current FVTOCI - current FVTOCI - current FVTOCI - non-current	28,212 13,365 7,441 6,437	373,803 510,555 141,751 234,066	- - - 5.6	373,803 510,555 141,751 234,066	
<u>TCCI (Group)</u>	<u>Ordinary shares</u> Anhui Conch Cement Co., Ltd. Yargoan Co., Ltd.	- -	FVTOCI - non-current FVTOCI - non-current	116,568 19	20,786,890 -	- 12.5	20,786,890 -	

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities within the scope of IFRS 9 "Financial Instruments".

Note 2: See Tables 8 and 9 for the information on investments in subsidiaries, associates and joint ventures.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				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
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
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
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
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
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 1: Including accumulated gain from retained earnings in the amount of \$191,076 thousand which is reclassified from unrealized gain on financial assets at FVTOCI due to disposal.

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

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	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 (Note1)	For operating purpose	None
	Land in Hoping Industrial Park, Hualien County	2020.12.15	1,861,848 (Note 2)	By negotiation (Note 3)	Industrial Development Bureau, Ministry of Economic Affairs	Neither are related-party	-	-	-	-	Refer to the price approved by " the 161st review meeting held by the committee for reviewing price for lease and sale of land or buildings in industrial parks of Industrial Development Bureau, Ministry of Economic Affairs" (Note 4)	For operating purpose	None

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

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

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

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

(Continued)

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

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	\$ (180,746)	(100)	30 days	\$ -	-	\$ 7,418	100	
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(254,573)	(21)	By contract	-	-	89,959	83	

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		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	
	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	
	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	
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	143,566	64.79	2,684,377	495,557	321,058	
	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)	
	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	
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	117,400	100.00	4,624,367	160,858	160,858	
	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	
	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	
	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	
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	401,193	157,887	71,735	
	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	
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	251,518	14,710	14,616	
	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)	
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	419,033	71,403	60,445	
	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)	
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	5,400	100.00	183,553	4,938	4,938	
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	118,401	196,273	117,764	
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	118,558	34,886	17,668	
	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)	
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	
	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	
	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	
	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)	
	TCC Sustainable Energy Investment Corporation	Taiwan	Investment holding	1,000	-	100	100.00	975	(25)	(25)	
TCC Energy Storage Technology Corporation	Taiwan	Energy storage equipment manufacturing production and sales	1,000	-	100	100.00	984	(16)	(16)		
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	
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	136,476	7,857	49.36	144,922	34,886	17,219	
	Tai-Jie Transport & Storage Corporation	Taiwan	Transportation	25,000	25,000	2,500	100.00	34,233	8,358	8,358	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	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	
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	6,773	0.50	150,142	7,268,550	36,343	
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	10,528	298	0.23	2,329	(483,458)	(1,090)	
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	42	0.02	776	495,557	93	
	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	
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	48,986	(84)	(84)	
	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)	
	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	
	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)	
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)	
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	25,000	2,500	100.00	22,264	(308)	(308)	
	TCC Lien-Shen Green Energy Corporation	Taiwan	Renewable energy generation	12,000	12,000	1,200	100.00	9,051	(39)	(39)	
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	5,000	246	100.00	2,410	(46)	(46)	
	TCC Kao Cheng Green Energy Corporation	Taiwan	Renewable energy generation	82,000	12,000	8,200	100.00	81,750	1,850	1,850	
	TCC Nan Chung Green Energy Corporation	Taiwan	Renewable energy generation	170,000	170,000	17,000	100.00	168,255	513	513	
	Chang-Wang Wind Power Co., Ltd.	Taiwan	Renewable energy generation	720,000	720,000	72,000	100.00	668,919	(3,624)	(3,624)	
	TCC Ping-Zhi Green Energy Corporation	Taiwan	Renewable energy generation	2,000	2,000	200	100.00	1,917	(38)	(38)	
	Chia-Ho Green Energy Corporation	Taiwan	Renewable energy generation	50,000	-	5,000	100.00	49,624	(376)	(376)	
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	
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	145,248	152,898	5,100	100.00	861,121	130,341	130,341	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	2,848	2,998	100	100.00	68,922	(266)	(266)	
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	

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

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	\$ -	
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facilities	142,400	(b)	80,456	-	-	80,456	5,912	100.00	5,912	276,565	-	
TCC 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	-	
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,245,312	(b)	4,527,209	-	-	4,527,209	4,729,788	100.00	4,729,788	30,479,983	-	
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	6,635,840	(b)	3,873,138	-	-	3,873,138	2,087,629	100.00	2,087,629	18,060,978	-	
TCC (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	-	
Jiangsu TCC Investment Co., Ltd.	Investment	1,424,000	(b)	804,560	-	-	804,560	585,652	100.00	585,652	4,017,167	-	
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,873,837	(b)	3,093,871	-	-	3,093,871	2,565,072	100.00	2,565,072	18,018,965	-	
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,623,867	(b)	1,269,681	-	-	1,269,681	88,067	100.00	88,067	1,753,961	-	
TCC 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	-	
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	-	
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	-	
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	569,600	(b)	321,824	-	-	321,824	(10,405)	100.00	(10,405)	316,792	-	
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	578,144	(b)	260,597	-	-	260,597	(59,175)	65.00	(38,464)	463,482	-	
TCC New (Hangzhou) Management Company Limited	Operation management	227,840	(b)	128,730	-	-	128,730	147	100.00	147	175,761	-	
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,705,544	(b)	1,018,855	-	-	1,018,855	(14,353)	100.00	(14,353)	3,759,184	-	
TCC Shaoguan Cement Co., Limited	Manufacturing and sale of cement	1,967,968	(b)	1,844,080	-	-	1,844,080	(35,746)	100.00	(35,746)	1,937,855	-	
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,157,625	(b)	2,940,765	-	-	2,940,765	91,694	100.00	91,694	3,748,106	-	
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	1,313,100	(b)	5,383,341	-	-	5,383,341	259,276	100.00	259,276	4,644,406	-	
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	656,550	(b)	-	-	-	-	80,952	100.00	80,952	2,124,317	-	
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	43,770	(b)	-	-	-	-	(7,381)	100.00	(7,381)	43,395	-	
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	113,920	(b)	356,196	-	-	356,196	62,010	100.00	62,010	318,215	-	
TCC Yingde Mining Industrial Company Limited	Mining excavation	327,520	(b)	257,677	-	-	257,677	4,917	100.00	4,917	390,274	-	
TCC Guigang Mining Industrial Company Limited	Mining excavation	142,400	(b)	122,995	-	-	122,995	12,361	100.00	12,361	384,797	-	
Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	641,274	(b)	-	-	-	-	75,341	100.00	75,341	570,570	-	
Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	1,728,915	(b)	-	-	-	-	224,423	100.00	224,423	3,144,787	-	
Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	101,765	(b)	-	-	-	-	144	100.00	144	5,246	-	
Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	109,425	(b)	-	-	-	-	(10,231)	100.00	(10,231)	114,379	-	
Anshun Xin Tai Construction Materials Company Limited	Sand and gravel and sale of ready-mixed concrete	65,655	(b)	87,528	-	-	87,528	279	100.00	279	63,620	-	
Fuzhou TCC Information Technology Co., Ltd. (Note 5)	Software product and equipment maintenance	2,955	(b)	2,955	-	-	2,955	1,821	100.00	1,821	13,511	39,372	
Da Tong (Guigang) International Logistics Co., Ltd. (Note 5)	Logistics and transportation	142,400	(b)	-	-	-	-	130,518	100.00	130,518	845,714	-	
Da Tong (Ying De) Logistics Co., Ltd. (Note 5)	Logistics and transportation	21,885	(b)	-	-	-	-	13,664	100.00	13,664	123,515	-	
Guigang Da-Ho Shipping Co., Ltd. (Note 5)	Marine transportation	17,508	(b)	-	-	-	-	83,238	100.00	83,238	8473,232	-	

(Continued)

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outflow	Inflow							
Prosperity Conch Cement Co., Ltd.	Manufacturing and sale of cement	\$ 2,538,660	(b)	\$ 2,096,867	\$ -	\$ -	\$ 2,096,867	\$ 5,373,904	25.00	\$ 1,343,476	\$ 7,247,911	\$ -	Note 3
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,611,025	(b)	1,367,066	-	-	1,367,066	873,312	30.00	261,994	1,742,842	-	
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	-	
Beijing TCC Environment Technology Co., Ltd.	Technology development, business management and sales	26,262	(b)	26,262	-	-	26,262	(26,025)	100.00	(26,025)	(21,092)	-	
TCC (Hangzhou) Environment Technology Limited	Environment, cement, business management consulting	3,063,900	(b)	3,063,900	-	-	3,063,900	(237,730)	100.00	(237,730)	2,659,071	-	
Kaili TCC Environment Technology Co., Ltd.	Waste collection and treatment	13,131	(b)	13,131	-	-	13,131	(3,915)	100.00	(3,915)	24,081	-	
TCC 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	-	
TCC (Hangzhou) Recycle Resource Technology Limited	Resource recycling technology development, business management and sales	2,451,120	(b)	-	-	-	-	4,117	100.00	4,117	2,451,903	-	
Guangan TCC 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	-	

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$69,574,958	\$70,216,895	(Note 6)

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

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

Note 2: Including outward remittance from offshore subsidiaries.

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

Note 4: As of December 31, 2020, the accumulated outward remittance for investments was a total of those from TCC 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: The Corporation received a confirmation letter of Operation Headquarter from the Industrial Development Bureau of the MOEA in March 2020 stating that the Corporation is not limited by the restriction on the accumulated percentage or amount of investment in mainland China.

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

(Concluded)

TAIWAN CEMENT CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

<u>Item</u>	<u>Statement Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at FVTOCI - current	2
Statement of notes and accounts receivable	3
Statement of inventories	4
Statement of financial assets at FVTOCI - non-current	5
Statement of changes in investments accounted for using the equity method	6
Statement of changes in property, plant and equipment	Note 12
Statement of changes in right-of-use assets	7
Statement of changes in investment properties	8
Statement of short-term loans	9
Statement of other payables	Note 17
Statement of long-term loans	10
Statement of deferred income tax liabilities	Note 21
Major Accounting Items in Profit or Loss	
Statement of net revenue	11
Statement of operating costs	12
Statement of operating expenses	13
Statement of labor, depreciation and amortization by function	14

TAIWAN CEMENT CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Period	Annual Rate of Return	Amount
Cash			
Cash on hand			\$ 1,286
Checking accounts and demand deposits (Note)			<u>5,478,962</u>
			<u>5,480,248</u>
Cash equivalents			
Time deposits with original maturity dates within 3 months	2020.11.16-2021.03.15	0.23%-0.35%	6,000,000
Bonds issued under repurchase agreements (Note)		0.21%-0.40%	<u>528,166</u>
			<u>6,528,166</u>
			<u>\$ 12,008,414</u>

Note: Including US\$18,262 thousand, the rate of exchange US\$1=\$28.48.

TAIWAN CEMENT CORPORATION**STATEMENT OF FINANCIAL ASSETS AT FVTOCI - CURRENT****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)**

Name of Financial Instruments	Number of Shares (In Thousands)	Cost of Acquisition	Fair Value (Note)	
			Unit Price	Total Amount
Taishin Financial Holding Co., Ltd.	63,865	\$ 646,575	\$13.25	\$ 846,206
CTCI Corporation	9,054	200,438	38.20	345,876
Chia Hsin Cement Corporation	27,419	305,388	19.05	522,340
China Hi-Ment Corporation	30,196	261,546	47.45	1,432,808
O-Bank				
Ordinary shares	32,809	305,799	6.93	227,365
Convertible preference shares	2,956	<u>29,559</u>	10.15	<u>30,002</u>
		<u>\$ 1,749,305</u>		<u>\$ 3,404,597</u>

Note: Calculated based on the closing price and the last strike price on December 31, 2020.

TAIWAN CEMENT CORPORATION

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name (Note)	Amount
Client A	\$ 201,127
Client B	168,840
Client C	155,701
Others	<u>4,305,157</u>
	4,830,825
Less: Allowance for doubtful accounts	<u>46,730</u>
	<u>\$ 4,784,095</u>

Note: The amount of individual client does not exceed 5% of the account balance.

TAIWAN CEMENT CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 434,242	\$ 457,011
Work in process	310,965	328,415
Raw materials	<u>724,981</u>	<u>515,655</u>
	1,470,188	<u>\$ 1,301,081</u>
Less: Allowance for write-downs (Note)	<u>240,444</u>	
	<u>\$ 1,229,744</u>	

Note: Included provision for obsolete inventory loss.

TAIWAN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FVTOCI - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name of Securities	Balance at January 1, 2020		Addition		Unrealized Gain on Financial Instruments	Fair Value on December 31, 2020		
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount		Number of Shares (In Thousands)	Unit Price	Balance, December 31, 2020
Unlisted shares								
Taiwan Stock Exchange Corporation	48,282	\$ 4,121,823	1,449	\$ 1	\$ 347,444	49,731	\$89.87	\$ 4,469,268
Chinatrust Investment Co., Ltd.	29,553	1,174,716	-	-	(14,481)	29,553	39.26	1,160,235
IBT II Venture Capital Corporation	2,626	14,509	-	-	-	2,626	5.53	14,509
Rong Gong Enterprise Co.	3,390	14,713	(3,390)	(53,969)	39,256	-	-	-
Pan Asia Corporation	6,204	8,996	-	-	-	6,204	1.45	8,996
Excel Corporation	600	-	-	-	-	600	-	-
		<u>\$ 5,334,757</u>		<u>\$ (53,968)</u>	<u>\$ 372,219</u>			<u>\$ 5,653,008</u>

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name	Balance, January 1, 2020		Changes for the Year		Investee Company Distributed as Cash Dividends	Investment Income or Loss for Using the Equity Method	Equity Adjustments (Note 1)	Balance, December 31, 2020			Market Price (Note 5)	
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount				Shares (In Thousands)	Ownership	Amount	Unit Price	Total Amount
Listed company												
International CSRC Investment Holdings Co., Ltd.	153,477	\$ 5,112,794	(22,934)	\$ -	\$ (30,696)	\$ 135,069	\$ (134,593)	153,477	15.6	\$ 5,082,574	\$ 25.9	\$ 3,975,051
Taiwan Prosperity Chemical Corporation (Note 2)	116,791	658,029	-	738,955	-	(168,344)	(493,752)	93,857	71.1	734,888	17.9	1,680,048
	-	5,770,823		738,955	(30,696)	(33,275)	(628,345)			5,817,462		5,655,099
Unlisted company												
TCCI	1,100,876	103,716,200	-	-	-	10,678,591	(3,063,807)	1,100,876	100.0	111,330,984		
TCCIH	2,581,832	49,332,748	-	-	-	6,096,941	969,252	2,581,832	38.3	56,398,941		
Taiwan Cement Dutch (Note 2)	831	27,952,597	7	224,758	-	731,797	166,032	838	100.0	29,075,184		
Ho-Ping Power Company	805,940	17,378,914	-	-	(3,424,081)	4,324,788	(112)	805,940	59.5	18,279,509		
Hoping Industrial Port Corporation	319,990	5,703,414	-	-	(767,976)	806,091	(7,867)	319,990	100.0	5,733,662		
TCC Investment Corporation (Note 3)	107,355	4,451,678	10,045	-	(452)	160,858	12,283	117,400	100.0	4,624,367		
TCC Green Energy Corporation	320,899	3,164,031	-	-	-	(14,777)	-	320,899	100.0	3,149,254		
Ta-Ho Maritime Corporation (Note 3)	130,514	2,575,734	13,052	-	(39,154)	321,058	(173,261)	143,566	64.8	2,684,377		
Taiwan Transport & Storage Corporation (Note 3)	32,668	1,965,859	7,873	1	(78,403)	204,009	(89,304)	40,541	83.9	2,002,162		
CCC USA Corp.	79	1,724,538	-	-	-	42,652	(87,754)	79	33.3	1,679,436		
TCC Chemical Corporation	240,000	1,255,735	-	-	-	109,031	19,839	240,000	100.0	1,384,605		
Ho Sheng Mining Co., Ltd.	30,100	1,181,433	-	-	-	138,125	-	30,100	100.0	1,319,558		
TCC Recycle Energy Technology Company (Notes 2 and 4)	117,364	1,293,475	-	-	-	(46,994)	(2,144)	117,364	18.2	1,244,337		
ONYX Ta-Ho Environmental Services Co., Ltd.	30,176	818,277	-	-	(356,077)	354,290	(1,311)	30,176	50.0	815,179		
Taiwan Cement Engineering Corporation (Note 2)	59,593	732,796	77	934	(18,188)	5,000	203	59,670	99.2	720,745		
Kuan-Ho Refractories Industry Corporation	18,105	450,426	-	-	(67,351)	128,753	1,237	18,105	95.3	513,065		
HKCMCL	38	378,032	-	-	-	60,445	(19,444)	38	84.7	419,033		
Feng Sheng Enterprise Company	27,261	362,317	-	-	(31,350)	71,735	(1,509)	27,261	45.4	401,193		
TCC Information Systems Corporation	14,904	238,516	-	-	-	14,616	(1,614)	14,904	99.4	251,518		
Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	66,600	193,848	(26,640)	-	-	(5,972)	-	39,960	66.6	187,876		
Jin Chang Minerals Corporation (Note 3)	1,800	178,884	3,600	-	(269)	4,938	-	5,400	100.0	183,553		
E.G.C. Cement Corporation	8,063	112,235	-	-	(11,315)	17,668	(30)	8,063	50.6	118,558		
HPC Power Service Corporation	6	113,640	-	-	(111,776)	117,764	(1,227)	6	60.0	118,401		
Synpac Ltd.	2,700	6,881	-	-	-	2	(344)	2,700	25.0	6,539		
Tung Chen Mineral Corporation	20	1,311	-	-	-	(42)	-	20	99.5	1,269		
TCC Energy Storage Technology Corporation (Note 2)	-	-	100	1,000	-	(16)	-	100	100.0	984		
TCC Sustainable Energy Investment Corporation (Note 2)	-	-	100	1,000	-	(25)	-	100	100.0	975		
TCCMOLI (Note 2)	30	713	-	-	-	(189)	(29)	30	100.0	495		
TMC (Note 4)	120	-	-	-	-	-	-	120	72.7	-		
TPMC (Note 4)	20	-	-	-	-	-	-	20	40.0	-		
		225,284,232		227,693	(4,906,392)	24,321,137	(2,280,911)			242,645,759		
		\$ 231,055,055		\$ 966,648	\$ (4,937,088)	\$ 24,287,862	\$ (2,909,256)			\$ 248,463,221		

Note 1: Including exchange differences on translating foreign operations and investee company changes in equity.

Note 2: Taiwan Cement Dutch increased its capital by \$224,758 thousand (7 thousand shares); Taiwan Cement Engineering Corporation increased its capital by \$934 thousand (77 thousand shares); Ta-Ho Onyx RSEA Environment Co., Ltd. reduced its capital by 26,640 thousand shares to offset a deficit; Taiwan Prosperity Chemical Corporation reduced its capital by 63,987 thousand shares to offset a deficit and increased its capital by \$738,955 thousand (41,053 thousand shares); TCC Energy Storage Technology Corporation increased its capital by \$1,000 thousand (100 thousand shares); TCC Sustainable Energy Investment Corporation increased its capital by \$1,000 thousand (100 thousand shares).

Note 3: The increase in the number of shares in the current year is due to the transfer of retained earnings to common stock and purchase of fractional shares.

Note 4: Due to the recognition of investment losses in TMC and TPMC, credit balances of \$20,556 thousand and \$20,511 thousand were generated, which were recorded in other non-current liabilities as of December 31, 2020 and 2019, respectively.

Note 5: It was calculated based on the closing price on December 31, 2020.

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Land	Buildings	Machinery and Equipment	Others	Total
Cost					
Balance at January 1, 2020	\$ 237,765	\$ 1,150,301	\$ 299,414	\$ 46,312	\$ 1,733,792
Additions	89,567	1,094	48,449	17,942	157,052
Reclassification	12,393	1,648	73,766	(4,662)	83,145
Disposals	<u>(23,607)</u>	<u>(6,420)</u>	<u>(38,082)</u>	<u>(4,371)</u>	<u>(72,480)</u>
Balance at December 31, 2020	<u>\$ 316,118</u>	<u>\$ 1,146,623</u>	<u>\$ 383,547</u>	<u>\$ 55,221</u>	<u>\$ 1,901,509</u>
Accumulated depreciation					
Balance at January 1, 2020	\$ 63,664	\$ 150,216	\$ 93,754	\$ 11,820	\$ 319,454
Depreciation expenses	75,222	148,373	103,293	13,157	340,045
Disposals	<u>(23,226)</u>	<u>(6,420)</u>	<u>(38,082)</u>	<u>(4,453)</u>	<u>(72,181)</u>
Balance at December 31, 2020	<u>\$ 115,660</u>	<u>\$ 292,169</u>	<u>\$ 158,965</u>	<u>\$ 20,524</u>	<u>\$ 587,318</u>
Carrying amounts at December 31, 2020	<u>\$ 200,458</u>	<u>\$ 854,454</u>	<u>\$ 224,582</u>	<u>\$ 34,697</u>	<u>\$ 1,314,191</u>

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENT PROPERTIES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2020	Addition	Reclassification	Balance at December 31, 2020
Cost				
Land	\$ 3,996,172	\$ -	\$ (1,383,270)	\$ 2,612,902
Buildings	<u>261,132</u>	<u>-</u>	<u>-</u>	<u>261,132</u>
	<u>4,257,304</u>	<u>-</u>	<u>(1,383,270)</u>	<u>2,874,034</u>
Accumulated depreciation				
Buildings	<u>228,414</u>	<u>88</u>	<u>-</u>	<u>228,502</u>
Accumulated impairment				
Land	653,377	-	(534,716)	118,661
Buildings	<u>23,522</u>	<u>-</u>	<u>-</u>	<u>23,522</u>
	<u>676,899</u>	<u>-</u>	<u>(534,716)</u>	<u>142,183</u>
	<u>\$ 3,351,991</u>	<u>\$ (88)</u>	<u>\$ (848,554)</u>	<u>\$ 2,503,349</u>

TAIWAN CEMENT CORPORATION

STATEMENT OF SHORT-TERM LOANS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item (Note 1)	Loan Period	Amount
Bank loans - unsecured		
Export-Import Bank of the Republic of China	2020/06/12-2021/06/11	\$ 400,000
Fubon Commercial Bank Co., Ltd.	2020/10/20-2021/01/20	1,120,000
Land Bank of Taiwan (Ren Ai)	2020/10/21-2021/01/21	880,000
DBS Bank	2020/10/30-2021/01/29	1,500,000
E.SUN Bank	2020/11/20-2021/01/20	2,000,000
Crédit Agricole Corporate and Investment Bank	2020/11/27-2021/02/25	1,000,000
Sumitomo Mitsui Banking Corporation (Taipei)	2020/11/27-2021/02/25	1,400,000
The Bank Of Tokyo-Mitsubishi UFJ, Ltd.	2020/11/27-2021/02/25	1,988,000
First Commercial Bank (Chung -Shan)	2020/11/27-2021/02/25	2,500,000
Oversea-Chinese Banking Corporation Ltd.	2020/11/27-2021/02/25	1,000,000
Citi Bank Taiwan	2020/11/27-2021/02/25	350,000
Mega International Commercial Bank Co., Ltd. (foreign department)	2020/11/27-2021/02/26	1,000,000
Bank of Taiwan (Chung-Shan)	2020/11/27-2021/05/26	1,300,000
Hua Nan Commercial Bank (Yuanshan)	2020/12/10-2021/03/10	1,500,000
Mizuho Corporate Bank Ltd (Taipei)	2020/12/10-2021/03/10	2,850,000
The Hongkong and Shanghai Banking Corp. Ltd	2020/12/10-2021/03/10	260,000
Bank of China Limited (Taipei)	2020/12/25-2021/02/25	2,000,000
		<u>23,048,000</u>
Bank loans - letters of credit (Note 2)		
Mega International Commercial Bank Co., Ltd. (foreign department)	2020/08/24-2021/03/19	187,081
Land Bank of Taiwan (Ren Ai)	2020/10/14-2021/03/29	99,819
Taiwan Cooperative Bank (Yuanshan)	2020/10/16-2021/02/11	16,829
		<u>303,729</u>
		<u>\$ 23,351,729</u>

Note 1: The interval of rate is 0.62%-0.98%, and the total loan commitments is \$30,490,501 thousands.

Note 2: Bank loans - letters of credit included US\$10,665 thousand, translated at the exchange rate of US\$1=NT\$28.48.

TAIWAN CEMENT CORPORATION

STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Type of Loan and Creditor	Contract Period	Annual Interest Rates (%)	Amount	Loan Commitments	Collateral
Syndicated loan agreement with Mega International Commercial Bank and other banks					
Type A (Note 1)	2018.3-2023.3	1.79	\$ 21,500,000	\$ 21,500,000	-
Type B (Note 2)	2018.3-2023.3	1.19	<u>5,000,000</u>	<u>21,500,000</u>	-
			26,500,000	<u>\$ 43,000,000</u>	
Less: Issuance costs			(55,256)		
Current portions			<u>(4,300,000)</u>		
			<u>\$ 22,144,744</u>		

Note 1: The non-revolving credit line of Tranche A, which is of the nature of bank loans, is \$21.5 billion. Starting from March 2021, its principal shall be equally repaid in 5 semi-annual installments and shall mature in March 2023; interest shall be paid quarterly.

Note 2: The revolving credit line of Tranche B, which is the nature of long-term bills payable, is \$21.5 billion. The period of each actual drawdown can be at least 30 but not over 180 days, and the maturity date of each drawdown period shall not exceed the credit period. The final maturity date shall be in March 2023.

TAIWAN CEMENT CORPORATION**STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Shipments	Amount
Domestic sales		
Cement - related products	5,427 thousand cubic meters	\$ 12,134,392
Cement	2,512 thousand tons	5,592,385
Clinker	908 thousand tons	1,361,400
Others		<u>389,516</u>
		<u>19,477,693</u>
Export sales		
Cement	838 thousand tons	1,104,273
Clinker	436 thousand tons	476,291
Others		<u>437,173</u>
		<u>2,017,737</u>
		<u>\$ 21,495,430</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Amount
Balance at beginning of year	\$ 686,520
Add: Raw materials purchased	8,721,991
Less: Raw materials, end of year	<u>724,981</u>
Raw materials used	8,683,530
Direct labor	279,863
Manufacturing expenses	<u>3,330,205</u>
Manufacturing costs	12,293,598
Add: Work in process, beginning of year	455,399
Work in process purchased	964,352
Less: Work in process, end of year	310,965
Work in process sold	<u>1,278,887</u>
Cost of finished goods	12,123,497
Add: Finished goods, beginning of year	513,747
Finished goods purchased	446,849
Less: Finished goods, end of year	434,242
Add: Transportation costs	2,857,370
Commodity tax	816,601
Work in process sold	1,278,887
Others	<u>68,308</u>
Operating costs	<u>\$ 17,671,017</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Total
Payroll and pension	\$ 102,118	\$ 677,926	\$ 780,044
Professional service fees	1,789	132,287	134,076
Depreciation expenses	33,716	78,681	112,397
General and administrative expenses	21,129	90,767	111,896
Shipping expenses	91,948	5,336	97,284
Others (Note)	<u>31,327</u>	<u>382,406</u>	<u>413,733</u>
	<u>\$ 282,027</u>	<u>\$ 1,367,403</u>	<u>\$ 1,649,430</u>

Note: The amount of each item in others does not exceed 5% of the amount balance.

TAIWAN CEMENT CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	2020				2019			
	Classified as Cost of Revenue	Classified as Operating Expenses	Classified as Other Operating Income and Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Classified as Other Operating Income and Expenses	Total
Labor cost								
Salary and bonus	\$ 540,542	\$ 464,341	\$ -	\$ 1,004,883	\$ 700,528	\$ 518,098	\$ -	\$ 1,218,626
Labor and health insurance	48,286	31,376	-	79,662	45,906	29,456	-	75,362
Pension	16,188	10,685	-	26,873	15,097	9,134	-	24,231
Board compensation	-	287,348	-	287,348	-	276,056	-	276,056
Others	28,349	17,670	-	46,019	19,241	9,848	-	29,089
	<u>\$ 633,365</u>	<u>\$ 811,420</u>	<u>\$ -</u>	<u>\$ 1,444,785</u>	<u>\$ 780,772</u>	<u>\$ 842,592</u>	<u>\$ -</u>	<u>\$ 1,623,364</u>
Depreciation	<u>\$ 814,486</u>	<u>\$ 112,397</u>	<u>\$ 593</u>	<u>\$ 927,476</u>	<u>\$ 782,211</u>	<u>\$ 102,731</u>	<u>\$ 598</u>	<u>\$ 885,540</u>
Amortization	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: As of December 31, 2020 and 2019, the Company had 1,078 and 995 employees, respectively. There were 16 non-employee directors, respectively.

Note 2: Average labor cost for the years ended December 31, 2020 and 2019 were \$1,090 thousand and \$1,376 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2020 and 2019 were \$946 thousand and \$1,245 thousand, respectively. The average salary and bonus changed by 24.02% year over year.

Note 4: The Corporation did not have supervisors for the year ended December 31, 2019 and 2020, respectively. Therefore, there was no compensation to the supervisors.

Note 5: The compensation standard of the Corporation's employees is enacted fairly by referring to the industry compensation level, company performance, and internal organization structure, and the annual raise will be granted from time to time taking into account the external industry trends and government regulations. The year-end bonus, quarterly bonus, business performance bonus are granted based on company performance and personal contribution, and the employees' compensation is granted in accordance with the Corporation's Article of Incorporation to reward employees' efforts at work.

Note 6: The compensation policy for the president, vice presidents and executive officers is decided based on the company's operational strategy, company performance, personal performance and the compensation standards of the industry, which is submitted to the Compensation Committee for reasonable comments and then further resolved by the Board of Directors.

Note 7: The performance evaluation and remuneration of the Corporation's directors refer to industry practice, and will evaluate reasonable correlation between individual and the company's performance as well as future risk exposures, based on evaluation results, positions and financial situation of the company. The remuneration contains fixed amount paid on a monthly basis and the attendance fee paid by actual attendance. In addition, according to the Corporation's Articles of Incorporation, less than 1% of annual profits shall be recognized as remuneration of the directors and allocation shall be based on the results of the performance evaluation of the directors.