

**Chia Hsin Cement Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Chia Hsin Cement Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Chia Hsin Cement Corporation and its subsidiaries (collectively, the "Group") as of September 30, 2021 and 2020, the consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

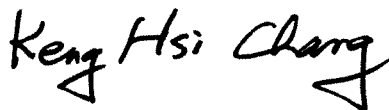
As disclosed in Note 15 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2021 and 2020, combined total assets of these non-significant subsidiaries were NT\$11,489,624 thousand and NT\$11,798,251 thousand, respectively, representing 27.68% and 31.30%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$4,714,694 thousand and NT\$4,773,757 thousand, respectively, representing 32.45% and 32.67%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(74,237) thousand, NT\$(82,970) thousand, NT\$(325,589) thousand and NT\$(135,869) thousand, respectively, representing (8.54%), (9.78%), (11.19%) and (64.54%), respectively, of the consolidated total comprehensive income. In addition, As disclosed in Note 16 to the consolidated financial statements, as of September 30, 2021 and 2020, the amounts of investments accounted for using the equity method were NT\$3,450,229 thousand and

NT\$2,485,113 thousand, respectively, and for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the amounts of the share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method were NT\$(39,615) thousand, NT\$(6,431) thousand, NT\$(74,505) thousand and NT\$(77,446) thousand, respectively. The above-mentioned amounts were recognized according to the unreviewed financial statements for the same accounting periods of the aforementioned investee companies. The related information disclosed in Note 42 to the consolidated financial statements and the information of the aforementioned subsidiaries and investee companies were also not reviewed by the auditors.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investee companies as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of or do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chiang Hsun Chen and Keng Hsi Chang.



Deloitte & Touche
Taipei, Taiwan
Republic of China

November 9, 2021

Notice to Readers

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

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

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

| ASSETS | September 30, 2021 (Reviewed) | | December 31, 2020 (Audited) | | September 30, 2020 (Reviewed) | |
|--|----------------------------------|------------|--------------------------------|------------|----------------------------------|------------|
| | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 3,300,210 | 8 | \$ 3,375,981 | 8 | \$ 2,189,326 | 6 |
| Financial assets at fair value through profit or loss - current (Note 7) | 1,455,715 | 4 | 1,091,077 | 3 | 1,460,308 | 4 |
| Financial assets at fair value through other comprehensive income - current (Note 8) | 3,153,595 | 8 | 2,713,193 | 7 | 2,594,744 | 7 |
| Financial assets at amortized cost - current (Note 14) | 3,158,852 | 8 | 4,065,846 | 10 | 3,405,222 | 9 |
| Notes receivable from unrelated parties (Notes 9 and 27) | 140,800 | - | 147,422 | 1 | 118,976 | - |
| Trade receivables from unrelated parties (Notes 9 and 27) | 112,834 | - | 108,712 | - | 111,510 | - |
| Trade receivables from related parties (Notes 27 and 37) | 2,620 | - | 4,041 | - | 2,916 | - |
| Finance lease receivables (Note 11) | 2,836 | - | 2,618 | - | 2,546 | - |
| Other receivables from unrelated parties (Note 10) | 29,078 | - | 33,016 | - | 26,128 | - |
| Other receivables from related parties (Note 37) | 594 | - | 19,435 | - | 63,994 | - |
| Current tax assets (Note 4) | 425 | - | 1,197 | - | 2,685 | - |
| Inventories (Note 12) | 21,991 | - | 61,497 | - | 66,672 | - |
| Prepayments (Note 21) | 173,370 | - | 100,846 | - | 139,079 | 1 |
| Refundable deposits - current | 1,632 | - | 1,639 | - | - | - |
| Other current assets (Note 21) | 910 | - | - | - | 521 | - |
| Total current assets | <u>11,555,462</u> | <u>28</u> | <u>11,726,520</u> | <u>29</u> | <u>10,184,627</u> | <u>27</u> |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Note 8) | 12,879,237 | 31 | 10,895,230 | 27 | 10,430,176 | 28 |
| Financial assets at amortized cost - non-current (Notes 14 and 38) | 25,831 | - | 25,794 | - | 25,770 | - |
| Investments accounted for using the equity method (Note 16) | 3,450,229 | 8 | 3,628,571 | 9 | 2,485,113 | 6 |
| Property, plant and equipment (Notes 17 and 38) | 5,512,542 | 13 | 6,195,433 | 15 | 6,257,397 | 17 |
| Right-of-use assets (Note 18) | 1,677,693 | 4 | 1,786,356 | 4 | 1,771,272 | 5 |
| Investment properties (Notes 19 and 38) | 6,102,644 | 15 | 6,138,701 | 15 | 6,275,339 | 17 |
| Intangible assets (Note 20) | 8,311 | - | 11,347 | - | 12,024 | - |
| Deferred tax assets (Note 4) | 249,938 | 1 | 174,983 | 1 | 187,830 | - |
| Refundable deposits - non-current | 32,598 | - | 32,990 | - | 33,304 | - |
| Finance lease receivables - non-current (Note 11) | 4,746 | - | 6,879 | - | 7,581 | - |
| Other non-current assets (Note 21) | 11,617 | - | 23,423 | - | 26,856 | - |
| Total non-current assets | <u>29,955,386</u> | <u>72</u> | <u>28,919,707</u> | <u>71</u> | <u>27,512,662</u> | <u>73</u> |
| TOTAL | <u>\$ 41,510,848</u> | <u>100</u> | <u>\$ 40,646,227</u> | <u>100</u> | <u>\$ 37,697,289</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Notes 22 and 38) | \$ 382,470 | 1 | \$ 1,564,000 | 4 | \$ 1,592,660 | 4 |
| Short-term bills payable (Note 22) | 79,987 | - | 136,773 | - | 21,980 | - |
| Contract liabilities (Note 27) | 28,380 | - | 13,154 | - | 15,789 | - |
| Notes payable to unrelated parties (Note 23) | 2,511 | - | 3,011 | - | 3,004 | - |
| Trade payables to unrelated parties (Note 23) | 50,828 | - | 76,579 | - | 75,129 | - |
| Trade payables to related parties (Note 37) | 164,625 | 1 | 73,132 | - | 83,580 | - |
| Other payables to unrelated parties (Notes 24 and 34) | 1,195,174 | 3 | 345,715 | 1 | 179,546 | 1 |
| Other payables to related parties (Note 37) | 247 | - | 89 | - | - | - |
| Current tax liabilities (Note 4) | 115,728 | - | 137,173 | 1 | 128,156 | - |
| Lease liabilities - current (Note 18) | 122,232 | - | 124,926 | - | 120,382 | - |
| Advance receipts (Note 24) | 10,252 | - | 11,829 | - | 15,285 | - |
| Current portion of long-term borrowings (Notes 22 and 38) | 584,968 | 2 | 528,223 | 1 | 517,500 | 2 |
| Guarantee deposits - current (Note 37) | 28,727 | - | 19,768 | - | 20,650 | - |
| Other current liabilities (Note 24) | 3,903 | - | 8,093 | - | 5,126 | - |
| Total current liabilities | <u>2,770,032</u> | <u>7</u> | <u>3,042,465</u> | <u>7</u> | <u>2,778,787</u> | <u>7</u> |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings (Notes 22 and 38) | 8,116,946 | 19 | 8,771,785 | 22 | 8,035,679 | 22 |
| Deferred tax liabilities (Note 4) | 1,531,071 | 4 | 1,559,363 | 4 | 1,583,286 | 4 |
| Lease liabilities - non-current (Note 18) | 1,638,971 | 4 | 1,723,014 | 4 | 1,681,146 | 5 |
| Deferred revenue - non-current (Notes 24 and 32) | 383,806 | 1 | 437,169 | 1 | 431,487 | 1 |
| Net defined benefit liabilities - non-current (Note 4) | 997 | - | 1,007 | - | 3,220 | - |
| Guarantee deposits - non-current (Note 37) | 88,922 | - | 94,075 | - | 96,424 | - |
| Total non-current liabilities | <u>11,760,713</u> | <u>28</u> | <u>12,586,413</u> | <u>31</u> | <u>11,831,242</u> | <u>32</u> |
| Total liabilities | <u>14,530,745</u> | <u>35</u> | <u>15,628,878</u> | <u>38</u> | <u>14,610,029</u> | <u>39</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26) | | | | | | |
| Share capital | | | | | | |
| Ordinary shares | <u>7,747,805</u> | <u>19</u> | <u>7,747,805</u> | <u>19</u> | <u>7,747,805</u> | <u>21</u> |
| Capital surplus | <u>1,135,781</u> | <u>3</u> | <u>960,402</u> | <u>3</u> | <u>958,087</u> | <u>2</u> |
| Retained earnings | | | | | | |
| Legal reserve | 2,503,173 | 6 | 2,319,663 | 6 | 2,319,663 | 6 |
| Special reserve | 2,257,996 | 5 | 2,275,704 | 6 | 2,346,051 | 6 |
| Unappropriated earnings | 6,410,050 | 16 | 7,058,382 | 17 | 5,746,783 | 16 |
| Total retained earnings | <u>11,171,219</u> | <u>27</u> | <u>11,653,749</u> | <u>29</u> | <u>10,412,497</u> | <u>28</u> |
| Other equity | 7,079,035 | 17 | 4,939,214 | 12 | 4,283,313 | 11 |
| Treasury shares | (1,077,950) | (3) | (1,119,023) | (3) | (1,119,023) | (3) |
| Total equity attributable to owners of the Company | <u>26,055,890</u> | <u>63</u> | <u>24,182,147</u> | <u>60</u> | <u>22,282,679</u> | <u>59</u> |
| NON-CONTROLLING INTERESTS (Note 26) | <u>924,213</u> | <u>2</u> | <u>835,202</u> | <u>2</u> | <u>804,581</u> | <u>2</u> |
| Total equity | <u>26,980,103</u> | <u>65</u> | <u>25,017,349</u> | <u>62</u> | <u>23,087,260</u> | <u>61</u> |
| TOTAL | <u>\$ 41,510,848</u> | <u>100</u> | <u>\$ 40,646,227</u> | <u>100</u> | <u>\$ 37,697,289</u> | <u>100</u> |

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

(With Deloitte & Touche review report dated November 9, 2021)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|---|---|-------------|------------------|--------------|--|--------------|--------------------|--------------|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 27 and 37) | \$ 560,318 | 100 | \$ 489,170 | 100 | \$ 1,655,232 | 100 | \$ 1,481,489 | 100 |
| OPERATING COSTS (Notes 12, 28 and 37) | <u>(547,228)</u> | <u>(98)</u> | <u>(507,476)</u> | <u>(104)</u> | <u>(1,652,177)</u> | <u>(100)</u> | <u>(1,522,378)</u> | <u>(103)</u> |
| GROSS PROFIT (LOSS) | <u>13,090</u> | <u>2</u> | <u>(18,306)</u> | <u>(4)</u> | <u>3,055</u> | <u>-</u> | <u>(40,889)</u> | <u>(3)</u> |
| OPERATING EXPENSES (Notes 28 and 37) | | | | | | | | |
| Selling and marketing expenses | (7,793) | (1) | (6,560) | (2) | (25,049) | (2) | (22,969) | (1) |
| General and administrative expenses | (148,150) | (27) | (153,236) | (31) | (417,390) | (25) | (432,104) | (29) |
| Expected credit loss (gain) (Note 9) | <u>(117)</u> | <u>-</u> | <u>(54)</u> | <u>-</u> | <u>13</u> | <u>-</u> | <u>335</u> | <u>-</u> |
| Total operating expenses | <u>(156,060)</u> | <u>(28)</u> | <u>(159,850)</u> | <u>(33)</u> | <u>(442,426)</u> | <u>(27)</u> | <u>(454,738)</u> | <u>(30)</u> |
| LOSS FROM OPERATIONS | <u>(142,970)</u> | <u>(26)</u> | <u>(178,156)</u> | <u>(37)</u> | <u>(439,371)</u> | <u>(27)</u> | <u>(495,627)</u> | <u>(33)</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | |
| Interest income (Notes 28 and 37) | 13,022 | 2 | 20,513 | 4 | 41,105 | 2 | 67,239 | 4 |
| Other income (Notes 28 and 37) | 1,175,587 | 210 | 825,232 | 169 | 1,228,020 | 74 | 900,528 | 61 |
| Other gains and losses (Note 28) | 427 | - | 9,736 | 2 | 124,286 | 8 | 420,170 | 28 |
| Finance costs (Note 28) | (39,568) | (7) | (40,179) | (8) | (121,305) | (7) | (122,297) | (8) |
| Share of profit of associates and joint ventures (Note 16) | <u>(24,152)</u> | <u>(4)</u> | <u>14,511</u> | <u>3</u> | <u>(132,371)</u> | <u>(8)</u> | <u>23,681</u> | <u>2</u> |
| Total non-operating income and expenses | <u>1,125,316</u> | <u>201</u> | <u>829,813</u> | <u>170</u> | <u>1,139,735</u> | <u>69</u> | <u>1,289,321</u> | <u>87</u> |
| PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS | 982,346 | 175 | 651,657 | 133 | 700,364 | 42 | 793,694 | 54 |
| INCOME TAX EXPENSE (Notes 4 and 29) | <u>(27,679)</u> | <u>(5)</u> | <u>(6,365)</u> | <u>(1)</u> | <u>(20,269)</u> | <u>(1)</u> | <u>(201,648)</u> | <u>(14)</u> |
| NET PROFIT FROM CONTINUING OPERATIONS | 954,667 | 170 | 645,292 | 132 | 680,095 | 41 | 592,046 | 40 |
| NET PROFIT FROM DISCONTINUED OPERATIONS (Note 13) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,499</u> | <u>-</u> |
| NET PROFIT FOR THE PERIOD | <u>954,667</u> | <u>170</u> | <u>645,292</u> | <u>132</u> | <u>680,095</u> | <u>41</u> | <u>593,545</u> | <u>40</u> |

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|--|---|-------------|-------------------|------------|--|-------------|-------------------|-------------|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME | | | | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | | |
| Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income (Note 26) | \$ (43,499) | (8) | \$ 190,299 | 39 | \$ 2,340,908 | 141 | \$ (184,724) | (12) |
| Share of the other comprehensive income of associates and joint ventures accounted for using the equity method (Note 26) | <u>(15,261)</u> | <u>(2)</u> | <u>(21,353)</u> | <u>(5)</u> | <u>58,915</u> | <u>4</u> | <u>(100,125)</u> | <u>(7)</u> |
| | <u>(58,760)</u> | <u>(10)</u> | <u>168,946</u> | <u>34</u> | <u>2,399,823</u> | <u>145</u> | <u>(284,849)</u> | <u>(19)</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | | |
| Exchange differences on translating the financial statements of foreign operations (Note 26) | (35,557) | (7) | 42,109 | 9 | (240,774) | (14) | (121,175) | (8) |
| Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method | (202) | - | 411 | - | (1,049) | - | (1,002) | - |
| Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 26 and 29) | <u>9,506</u> | <u>2</u> | <u>(8,325)</u> | <u>(2)</u> | <u>70,899</u> | <u>4</u> | <u>23,989</u> | <u>1</u> |
| | <u>(26,253)</u> | <u>(5)</u> | <u>34,195</u> | <u>7</u> | <u>(170,924)</u> | <u>(10)</u> | <u>(98,188)</u> | <u>(7)</u> |
| Other comprehensive (loss) income for the period, net of income tax | <u>(85,013)</u> | <u>(15)</u> | <u>203,141</u> | <u>41</u> | <u>2,228,899</u> | <u>135</u> | <u>(383,037)</u> | <u>(26)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>\$ 869,654</u> | <u>155</u> | <u>\$ 848,433</u> | <u>173</u> | <u>\$ 2,908,994</u> | <u>176</u> | <u>\$ 210,508</u> | <u>14</u> |
| NET INCOME ATTRIBUTABLE TO: | | | | | | | | |
| Owners of the Company | \$ 886,623 | 158 | \$ 595,462 | 122 | \$ 597,030 | 36 | \$ 525,249 | 35 |
| Non-controlling interests | <u>68,044</u> | <u>12</u> | <u>49,830</u> | <u>10</u> | <u>83,065</u> | <u>5</u> | <u>68,296</u> | <u>5</u> |
| | <u>\$ 954,667</u> | <u>170</u> | <u>\$ 645,292</u> | <u>132</u> | <u>\$ 680,095</u> | <u>41</u> | <u>\$ 593,545</u> | <u>40</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | | | | |
| Owners of the Company | \$ 803,202 | 143 | \$ 789,372 | 161 | \$ 2,736,851 | 165 | \$ 154,294 | 10 |
| Non-controlling interests | <u>66,452</u> | <u>12</u> | <u>59,061</u> | <u>12</u> | <u>172,143</u> | <u>11</u> | <u>56,214</u> | <u>4</u> |
| | <u>\$ 869,654</u> | <u>155</u> | <u>\$ 848,433</u> | <u>173</u> | <u>\$ 2,908,994</u> | <u>176</u> | <u>\$ 210,508</u> | <u>14</u> |

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|---|---|---|----------------|---|--|---|----------------|---|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| EARNINGS PER SHARE | | | | | | | | |
| (Note 30) | | | | | | | | |
| From continuing and discontinued operations | | | | | | | | |
| Basic | <u>\$ 1.37</u> | | <u>\$ 0.93</u> | | <u>\$ 0.93</u> | | <u>\$ 0.82</u> | |
| Diluted | <u>\$ 1.37</u> | | <u>\$ 0.93</u> | | <u>\$ 0.93</u> | | <u>\$ 0.82</u> | |
| From continuing operations | | | | | | | | |
| Basic | <u>\$ 1.37</u> | | <u>\$ 0.93</u> | | <u>\$ 0.93</u> | | <u>\$ 0.82</u> | |
| Diluted | <u>\$ 1.37</u> | | <u>\$ 0.93</u> | | <u>\$ 0.93</u> | | <u>\$ 0.82</u> | |

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

(With Deloitte & Touche review report dated November 9, 2021)

(Concluded)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

| | Equity Attributable to Owners of the Company | | | | | | | | | | |
|--|--|-----------------|-------------------|-----------------|-------------------------|--|--|-----------------|---------------|---------------------------|---------------|
| | Share Capital | Capital Surplus | Retained Earnings | | | Other Equity | | Treasury Shares | Total | Non-controlling Interests | Total Equity |
| | | | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating Foreign Operations | Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income | | | | |
| BALANCE, JANUARY 1, 2020 | \$ 7,747,805 | \$ 847,377 | \$ 2,143,611 | \$ 2,346,051 | \$ 6,171,113 | \$ (343,071) | \$ 4,997,339 | \$ (1,096,783) | \$ 22,813,442 | \$ 862,783 | \$ 23,676,225 |
| Appropriation of 2019 earnings (Note 26) | | | | | | | | | | | |
| Legal reserve | - | - | 176,052 | - | (176,052) | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | (771,781) | - | - | - | (771,781) | - | (771,781) |
| Net profit for the nine months ended September 30, 2020 | - | - | - | - | 525,249 | - | - | - | 525,249 | 68,296 | 593,545 |
| Other comprehensive loss for the nine months ended September 30, 2020 | - | - | - | - | - | (92,440) | (278,515) | - | (370,955) | (12,082) | (383,037) |
| Total comprehensive income (loss) for the nine months ended September 30, 2020 | - | - | - | - | 525,249 | (92,440) | (278,515) | - | 154,294 | 56,214 | 210,508 |
| Changes in capital surplus due to cash dividends of the Company paid to subsidiaries (Note 26) | - | 111,248 | - | - | - | - | - | - | 111,248 | - | 111,248 |
| Acquisition of interests in subsidiaries (Notes 15 and 33) | - | (538) | - | - | (1,746) | - | - | - | (2,284) | (19,947) | (22,231) |
| Decrease in non-controlling interests (Note 26) | - | - | - | - | - | - | - | - | - | (94,469) | (94,469) |
| Buy-back of ordinary shares (Note 26) | - | - | - | - | - | - | - | (22,240) | (22,240) | - | (22,240) |
| BALANCE, SEPTEMBER 30, 2020 | \$ 7,747,805 | \$ 958,087 | \$ 2,319,663 | \$ 2,346,051 | \$ 5,746,783 | \$ (435,511) | \$ 4,718,824 | \$ (1,119,023) | \$ 22,282,679 | \$ 804,581 | \$ 23,087,260 |
| BALANCE, JANUARY 1, 2021 | \$ 7,747,805 | \$ 960,402 | \$ 2,319,663 | \$ 2,275,704 | \$ 7,058,382 | \$ (404,225) | \$ 5,343,439 | \$ (1,119,023) | \$ 24,182,147 | \$ 835,202 | \$ 25,017,349 |
| Appropriation of 2020 earnings (Note 26) | | | | | | | | | | | |
| Legal reserve | - | - | 183,510 | - | (183,510) | - | - | - | - | - | - |
| Reverse of special reserve | - | - | - | (17,708) | 17,708 | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | (1,079,560) | - | - | - | (1,079,560) | - | (1,079,560) |
| Unclaimed dividends extinguished by prescription (Note 26) | - | (122) | - | - | - | - | - | - | (122) | - | (122) |
| Net profit for the nine months ended September 30, 2021 | - | - | - | - | 597,030 | - | - | - | 597,030 | 83,065 | 680,095 |
| Other comprehensive income (loss) for the nine months ended September 30, 2021 | - | - | - | - | - | (166,473) | 2,306,294 | - | 2,139,821 | 89,078 | 2,228,899 |
| Total comprehensive income (loss) for the nine months ended September 30, 2021 | - | - | - | - | 597,030 | (166,473) | 2,306,294 | - | 2,736,851 | 172,143 | 2,908,994 |
| Changes in capital surplus due to cash dividends of the Company paid to subsidiaries (Note 26) | - | 155,010 | - | - | - | - | - | - | 155,010 | - | 155,010 |
| Share-based payment (Notes 26 and 31) | - | 20,587 | - | - | - | - | - | - | 20,587 | - | 20,587 |
| Decrease in non-controlling interests (Note 26) | - | - | - | - | - | - | - | - | - | (83,132) | (83,132) |
| Reissuance of treasury shares (Note 26) | - | (96) | - | - | - | - | - | 41,073 | 40,977 | - | 40,977 |
| BALANCE, SEPTEMBER 30, 2021 | \$ 7,747,805 | \$ 1,135,781 | \$ 2,503,173 | \$ 2,257,996 | \$ 6,410,050 | \$ (570,698) | \$ 7,649,733 | \$ (1,077,950) | \$ 26,055,890 | \$ 924,213 | \$ 26,980,103 |

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

(With Deloitte & Touche review report dated November 9, 2021)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | For the Nine Months Ended September 30 | |
|--|---|------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax from continuing operations | \$ 700,364 | \$ 793,694 |
| Income before income tax from discontinued operations | - | 1,499 |
| Income before income tax | 700,364 | 795,193 |
| Adjustments for: | | |
| Depreciation expenses | 396,090 | 425,326 |
| Amortization expenses | 1,990 | 1,801 |
| Net (gain) loss on fair value changes of financial assets at fair value through profit or loss | (170,065) | 39,567 |
| Reversed expected credit loss on trade receivables | (13) | (335) |
| Finance costs | 121,305 | 122,297 |
| Interest income | (41,105) | (71,206) |
| Dividend income | (1,128,413) | (807,947) |
| Compensation costs arising from share-based payment | 20,587 | - |
| Share of loss (profit) of associates and joint ventures | 132,371 | (23,681) |
| Gain on disposal of property, plant and equipment | (17) | (62,811) |
| Property, plant and equipment transferred to expenses | - | 1,360 |
| Gain on lease modification | (19) | (102) |
| Gain on disposal of assets held for sale | - | (335,919) |
| Realized gain on deferred revenue | (10,573) | (9,483) |
| Gain on disposal of associates and joint ventures accounted for using the equity method | (3,245) | - |
| Gain on liquidation of subsidiary | - | (92,073) |
| Investment property transferred to expenses | 1,492 | - |
| Net loss on foreign currency exchange | 55,273 | 14,022 |
| Changes in operating assets and liabilities: | | |
| Financial assets mandatorily classified as at fair value through profit or loss | (194,573) | 163,442 |
| Notes receivable from unrelated parties | 6,659 | 46,747 |
| Trade receivables from unrelated parties | (5,475) | (50,501) |
| Trade receivables from related parties | 1,421 | (236) |
| Other receivables from unrelated parties | 7,068 | 332,535 |
| Inventories | 39,202 | (21,760) |
| Prepayments | (74,395) | (75,625) |
| Other current assets | (947) | (540) |
| Contract liabilities | 15,392 | 6,318 |
| Notes payable to unrelated parties | (500) | 98 |
| Trade payables to unrelated parties | (25,524) | (35,409) |
| Trade payables to related parties | 91,493 | - |
| Other payables from unrelated parties | 14,809 | (10,705) |
| Advance receipts | (1,454) | 1,383 |

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | For the Nine Months Ended September 30 | |
|--|---|-----------------|
| | 2021 | 2020 |
| Other current liabilities | \$ (3,557) | \$ 4,093 |
| Net defined benefit liabilities | <u>(10)</u> | <u>12</u> |
| Cash (used in) generated from operations | (54,369) | 355,861 |
| Interest paid | (98,190) | (99,154) |
| Income tax paid | <u>(71,811)</u> | <u>(54,700)</u> |
| Net cash (used in) generated from operating activities | <u>(224,370)</u> | <u>202,007</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | (90,000) | (10,000) |
| Purchase of financial assets at amortized cost | (378,918) | (11,959) |
| Proceeds from sale of financial assets at amortized cost | 1,236,304 | - |
| Payments from investments accounted or contingent consideration by using the equity method | (50,000) | - |
| Cash return of capital due to liquidation of associates and joint ventures accounted for using the equity method | 66,327 | 24,829 |
| Payments for property, plant and equipment | (98,186) | (723,525) |
| Proceeds from disposal of property, plant and equipment | 29 | 41,163 |
| Increase in refundable deposits | (21) | (3,171) |
| Decrease in other receivables from related parties | 18,841 | 61,051 |
| Payments for intangible assets | - | (8,357) |
| Payments for investment properties | (23,458) | (19,195) |
| Decrease in finance lease receivables | 1,458 | 1,873 |
| Decrease (Increase) in other non-current assets | 1,192 | (8,375) |
| Decrease in prepayments for equipment | 10,257 | 10,422 |
| Interest received | 36,855 | 73,166 |
| Dividends received | <u>1,121,347</u> | <u>855,136</u> |
| Net cash generated from investing activities | <u>1,852,027</u> | <u>283,058</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Repayments of) proceeds from short-term borrowings | (1,181,233) | 795,450 |
| Repayments of short-term bills payable | (57,000) | (248,020) |
| Repayments of long-term loans | (228,750) | (4,928) |
| Proceeds (refunds) of guarantee deposits received | 3,866 | (4,825) |
| Repayment of the principal portion of lease liabilities | (79,436) | (68,591) |
| Dividends paid to owners of the Company | - | (660,533) |
| Payments for buy-back of ordinary shares | - | (22,240) |
| Proceeds from reissuance of treasury shares | 40,977 | - |
| Acquisition of additional interests in subsidiaries | - | (22,231) |

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | For the Nine Months Ended September 30 | |
|---|---|---------------------|
| | 2021 | 2020 |
| Return of unclaimed dividends extinguished by prescription | \$ (122) | \$ - |
| Dividends paid to non-controlling interests | <u>(83,132)</u> | <u>(94,469)</u> |
| Net cash used in financing activities | <u>(1,584,830)</u> | <u>(330,387)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>(118,598)</u> | <u>(32,249)</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (75,771) | 122,429 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | <u>3,375,981</u> | <u>2,066,897</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>\$ 3,300,210</u> | <u>\$ 2,189,326</u> |

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

(With Deloitte & Touche review report dated November 9, 2021)

(Concluded)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

- a. Chia Hsin Cement Corporation (the “Company”; the Company and the entities controlled by the Company are referred to as the “Group”) was incorporated in the Republic of China (ROC) with capital of \$24,000 thousand in December 1954. Over the years, the Company has increased its capital through capital contributions in cash, undistributed earnings, and asset revaluation increments. As of September 30, 2021, the Company has authorized capital of \$15,000,000 thousand and paid-in capital of \$7,747,805 thousand. The Company’s business activities include cement manufacturing, wholesale of building materials, retail sale of building materials, non-metallic mining, mixed-concrete products manufacturing, international trade, construction and development of residences and buildings, lease, construction and development of industrial factory buildings, real estate commerce, real estate rental and leasing, reconstruction within the renewal area and warehousing and storage, healthcare, fitness and training, manufacture of beverages and bakery products, and hotel management.
- b. On December 30, 2016, the Company’s subsidiary, Jiangsu Union Cement Co., Ltd., went into liquidation under the resolution of the subsidiary’s board of directors. Several disposal agreements have been reached and the subsidiary has been reclassified to the group of items ready for disposal, and presented on the consolidated financial statements as “discontinued operation”. The dissolution of the subsidiary had been completed on April 1, 2020.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1969.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 9, 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 IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

| New IFRSs | Effective Date Announced by IASB |
|---|---|
| “Annual Improvements to IFRS Standards 2018-2020” | January 1, 2022 (Note 1) |
| Amendments to IFRS 3 “Reference to the Conceptual Framework” | January 1, 2022 (Note 2) |
| Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use” | January 1, 2022 (Note 3) |
| Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract” | January 1, 2022 (Note 4) |

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

Note 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--|--|
| 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 2) |
| Amendments to IAS 8 “Definition of Accounting Estimates” | January 1, 2023 (Note 3) |
| Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” | January 1, 2023 (Note 4) |

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 financial statements shall prevail.

a. Statement of compliance

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

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on 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 for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

See Note 15 and Table 6 and Table 8 in Note 42 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the recent development of the COVID-19 globally and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. 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 revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Refer to the consolidated financial statements for the year ended December 31, 2020 for the critical accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-----------------------|----------------------|-----------------------|
| Cash on hand | \$ 6,610 | \$ 4,790 | \$ 3,947 |
| Checking accounts and demand deposits | 1,223,642 | 921,356 | 736,266 |
| Cash equivalents | | | |
| Commercial paper | 527,290 | 452,656 | 231,383 |
| Time deposits with original maturities of 3 months or less | 1,508,542 | 1,904,118 | 1,122,710 |
| Repurchase agreements collateralized by bonds | <u>34,126</u> | <u>93,061</u> | <u>95,020</u> |
| | <u>\$ 3,300,210</u> | <u>\$ 3,375,981</u> | <u>\$ 2,189,326</u> |

The market rate intervals of commercial paper, cash in the bank and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-----------------------|----------------------|-----------------------|
| Commercial paper | 0.16%-0.20% | 0.19%-0.23% | 0.25%-0.29% |
| Cash in the bank | 0.001%-2.63% | 0.001%-2.12% | 0.001%-2.51% |
| Repurchase agreements collateralized by bonds | 0.30% | 0.50%-0.60% | 0.60%-0.75% |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-----------------------|----------------------|-----------------------|
| <u>Financial assets mandatorily measured at fair value through profit or loss (FVTPL) - current</u> | | | |
| Non-derivative financial assets | | | |
| Domestic listed shares | \$ 1,088,393 | \$ 922,018 | \$ 1,047,850 |
| Overseas listed shares | 54,682 | 64,909 | 72,852 |
| Overseas mutual funds - beneficiary certificates | <u>312,640</u> | <u>104,150</u> | <u>339,606</u> |
| | <u>\$ 1,455,715</u> | <u>\$ 1,091,077</u> | <u>\$ 1,460,308</u> |

The Group has investments in shares of Taiwan Cement Corporation. As of September 30, 2021, the Group held 21,332,026 shares (book value \$1,087,934 thousand) accounted for as financial assets at fair value through profit or loss and 302,818,769 shares (book value \$15,443,756 thousand) accounted for as financial assets at fair value through other comprehensive income. Information for other price risk and sensitivity analysis are provided in Note 36.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-----------------------|----------------------|-----------------------|
| <u>Investments in equity instruments - current</u> | | | |
| Domestic investments | | | |
| Listed shares and emerging market shares | \$ 3,153,595 | \$ 2,713,193 | \$ 2,594,744 |
| <u>Investments in equity instruments - non-current</u> | | | |
| Domestic investments | | | |
| Listed shares and emerging market shares | \$ 12,493,001 | \$ 10,582,307 | \$ 10,141,377 |
| Unlisted shares | 386,236 | 312,923 | 288,799 |
| | <u>\$ 12,879,237</u> | <u>\$ 10,895,230</u> | <u>\$ 10,430,176</u> |

These investments in equity instruments are held for medium to long-term strategic purposes, and expected to render long-term paybacks. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OVERDUE RECEIVABLES

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-----------------------|----------------------|-----------------------|
| <u>Notes receivable</u> | | | |
| Gross carrying amount at amortized cost | \$ 142,216 | \$ 148,892 | \$ 120,160 |
| Less: Allowance for impairment loss | (1,416) | (1,470) | (1,184) |
| | <u>\$ 140,800</u> | <u>\$ 147,422</u> | <u>\$ 118,976</u> |
| <u>Trade receivables</u> | | | |
| Gross carrying amount at amortized cost | \$ 113,315 | \$ 109,296 | \$ 111,954 |
| Less: Allowance for impairment loss | (481) | (584) | (444) |
| | <u>\$ 112,834</u> | <u>\$ 108,712</u> | <u>\$ 111,510</u> |
| <u>Overdue receivables (Note)</u> | | | |
| Gross carrying amount at amortized cost | \$ 12,811 | \$ 13,022 | \$ 12,748 |
| Less: Allowance for impairment loss | (12,811) | (13,022) | (12,748) |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Note: The overdue receivables are classified to other assets. Please refer to Note 21.

Notes Receivable

The average number of days of cashing the notes is 30 to 90 days. In order to mitigate credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Group reviews the recoverable amount of each individual notes receivable at the end of the year to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivable are estimated by reference to the past default experience of the debtor, an analysis of the debtor's current financial position, and economic conditions.

Trade Receivables

The average credit period of the sales of goods was 60 to 180 days, and no interest was charged on overdue trade receivables. In determining the recoverability of the trade receivables, the Group considered any change in the credit quality of the trade receivables since the date credit was initially granted to the end of the reporting period. From historical experience, most of the receivables were recovered.

Before accepting new customers, the Group assesses that the credit quality of the potential customer complied with the administration regulations of customer credit, and set up the credits limit for each customer. The credit rating of customers would then be assessed by the supervisors and given an ultimate credit limit.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the debtor, the debtor's current financial position, economic conditions of the industry in which the debtors operate, as well as an assessment of both the current and the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over one year past due. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables (including trade receivables from related parties) based on the Group's provision matrix:

September 30, 2021

| | Not Overdue | Overdue within 90 Days | Overdue 91-360 Days | Overdue 1 Year or More | Total |
|--------------------------------|-------------------|------------------------------|------------------------|------------------------------|-------------------|
| Expected credit loss rate | 0.73% | 0.98% | - | 100% | |
| Gross carrying amount | \$ 257,536 | \$ 615 | \$ - | \$ 12,811 | \$ 270,962 |
| Loss allowance (Lifetime ECLs) | <u>(1,891)</u> | <u>(6)</u> | <u>-</u> | <u>(12,811)</u> | <u>(14,708)</u> |
| Amortized cost | <u>\$ 255,645</u> | <u>\$ 609</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 256,254</u> |

December 31, 2020

| | Not Overdue | Overdue within 90 Days | Overdue 91-360 Days | Overdue 1 Year or More | Total |
|--------------------------------|-------------------|------------------------|---------------------|------------------------|-------------------|
| Expected credit loss rate | 0.73% | 0.77% | 100% | 100% | |
| Gross carrying amount | \$ 261,965 | \$ 130 | \$ 134 | \$ 13,022 | \$ 275,251 |
| Loss allowance (Lifetime ECLs) | <u>(1,919)</u> | <u>(1)</u> | <u>(134)</u> | <u>(13,022)</u> | <u>(15,076)</u> |
| Amortized cost | <u>\$ 260,046</u> | <u>\$ 129</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 260,175</u> |

September 30, 2020

| | Not Overdue | Overdue within 90 Days | Overdue 91-360 Days | Overdue 1 Year or More | Total |
|--------------------------------|-------------------|------------------------|---------------------|------------------------|-------------------|
| Expected credit loss rate | 0.69% | 1.05% | 1.18% | 100% | |
| Gross carrying amount | \$ 234,425 | \$ 95 | \$ 510 | \$ 12,748 | \$ 247,778 |
| Loss allowance (Lifetime ECLs) | <u>(1,621)</u> | <u>(1)</u> | <u>(6)</u> | <u>(12,748)</u> | <u>(14,376)</u> |
| Amortized cost | <u>\$ 232,804</u> | <u>\$ 94</u> | <u>\$ 504</u> | <u>\$ -</u> | <u>\$ 233,402</u> |

The movements of the loss allowance of trade receivables and trade receivables from related parties were as follows:

| | For the Nine Months Ended September 30 | |
|--|---|------------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ 15,076 | \$ 14,784 |
| Add: Net remeasurement of loss allowance | 41 | 124 |
| Less: Net remeasurement of loss allowance reversed | (54) | (459) |
| Less: Amounts written off | (134) | - |
| Foreign exchange gains and losses | <u>(221)</u> | <u>(73)</u> |
| Balance at September 30 | <u>\$ 14,708</u> | <u>\$ 14,376</u> |

10. OTHER RECEIVABLES

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|------------------------------------|-------------------------------|------------------------------|-------------------------------|
| Interest receivables | \$ 18,986 | \$ 15,015 | \$ 16,139 |
| VAT refund receivables | - | 4,226 | - |
| Government grants receivable | - | 3,585 | - |
| Others | 11,953 | 12,081 | 11,840 |
| Less: Allowance of impairment loss | <u>(1,861)</u> | <u>(1,891)</u> | <u>(1,851)</u> |
| | <u>\$ 29,078</u> | <u>\$ 33,016</u> | <u>\$ 26,128</u> |

The movements of the loss allowance of other receivables were as follows:

| | For the Nine Months Ended September 30 | |
|-----------------------------------|---|-----------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ 1,891 | \$ 1,862 |
| Foreign exchange gains and losses | <u>(30)</u> | <u>(11)</u> |
| Balance at September 30 | <u>\$ 1,861</u> | <u>\$ 1,851</u> |

The following table details the loss allowance of others receivables based on the Group's provision matrix:

September 30, 2021

| | Not Overdue | Overdue within 90 Days | Overdue 91-360 Days | Overdue 1 Year or More | Total |
|--------------------------------|--------------------|---------------------------------------|--------------------------------|---------------------------------------|------------------|
| Expected credit loss rate | 0% | 0% | 0% | 100% | |
| Gross carrying amount | \$ 29,078 | \$ - | \$ - | \$ 1,861 | \$ 30,939 |
| Loss allowance (Lifetime ECLs) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,861)</u> | <u>(1,861)</u> |
| Amortized cost | <u>\$ 29,078</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 29,078</u> |

December 31, 2020

| | Not Overdue | Overdue within 90 Days | Overdue 91-360 Days | Overdue 1 Year or More | Total |
|--------------------------------|--------------------|---------------------------------------|--------------------------------|---------------------------------------|------------------|
| Expected credit loss rate | 0% | 0% | 0% | 100% | |
| Gross carrying amount | \$ 33,016 | \$ - | \$ - | \$ 1,891 | \$ 34,907 |
| Loss allowance (Lifetime ECLs) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,891)</u> | <u>(1,891)</u> |
| Amortized cost | <u>\$ 33,016</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 33,016</u> |

September 30, 2020

| | Not Overdue | Overdue within 90 Days | Overdue 91-360 Days | Overdue 1 Year or More | Total |
|--------------------------------|--------------------|---------------------------------------|--------------------------------|---------------------------------------|------------------|
| Expected credit loss rate | 0% | 0% | 0% | 100% | |
| Gross carrying amount | \$ 26,128 | \$ - | \$ - | \$ 1,851 | \$ 27,979 |
| Loss allowance (Lifetime ECLs) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,851)</u> | <u>(1,851)</u> |
| Amortized cost | <u>\$ 26,128</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,128</u> |

Other receivables were mainly interest, refund of excise tax, business tax and government grants receivables. The Group only transacts with counterparts who have good credit ratings. The Group continues to monitor the conditions of the receivables and refers to the past default experience of the debtor and the analysis of the debtor's current financial position in determining whether the credit risk of the other receivables increased significantly since the initial recognition as well as in measuring the expected credit losses.

11. FINANCE LEASE RECEIVABLES

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-------------------------------|------------------------------|-------------------------------|
| <u>Undiscounted lease payments</u> | | | |
| Year 1 | \$ 2,972 | \$ 2,800 | \$ 2,743 |
| Year 2 | 2,972 | 2,972 | 2,971 |
| Year 3 | 1,857 | 2,972 | 2,971 |
| Year 4 | <u>-</u> | <u>1,114</u> | <u>1,857</u> |
| | 7,801 | 9,858 | 10,542 |
| Less: Unearned finance income | <u>(219)</u> | <u>(361)</u> | <u>(415)</u> |
| Lease payments receivable | <u>7,582</u> | <u>9,497</u> | <u>10,127</u> |
| Net investment in leases presented as finance lease receivables | <u>\$ 7,582</u> | <u>\$ 9,497</u> | <u>\$ 10,127</u> |
| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
| <u>Lease payments receivable</u> | | | |
| Not more than 1 year | \$ 2,836 | \$ 2,618 | \$ 2,546 |
| More than 1 year but not more than 5 years | <u>4,746</u> | <u>6,879</u> | <u>7,581</u> |
| | <u>\$ 7,582</u> | <u>\$ 9,497</u> | <u>\$ 10,127</u> |

The Group has been subleasing its building to Gping Wellness Co., Ltd. since August 2015. As the Group subleases the retail stores for all the remaining lease term of the main lease to the sublease, the sublease contract is classified as a finance lease.

The interest rates inherent in the leases are fixed at the contract dates for the entire term of the lease. As of September 30, 2021, December 31, 2020 and September 30, 2020, the interest rate inherent in the finance leases was 2.25% per annum.

To reduce the residual asset risk related to the leased building at the end of the relevant lease, the lease contract includes general risk management strategy of the Group.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. As of September 30, 2021, December 31, 2020 and September 30, 2020, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

12. INVENTORIES

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|----------------------------|-----------------------|----------------------|-----------------------|
| Finished goods | \$ 16,679 | \$ 55,699 | \$ 61,800 |
| Raw materials | 332 | 271 | 328 |
| Supplies | <u>1,814</u> | <u>2,361</u> | <u>1,378</u> |
| | <u>18,825</u> | <u>58,331</u> | <u>63,506</u> |
| Land held for construction | <u>3,166</u> | <u>3,166</u> | <u>3,166</u> |
| | <u>\$ 21,991</u> | <u>\$ 61,497</u> | <u>\$ 66,672</u> |

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 was \$267,347 thousand, \$260,055 thousand, \$810,417 thousand and \$765,469 thousand, respectively.

13. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

a. Discontinued operations

On December 30, 2016, the board of directors of the Company resolved to liquidate Jiangsu Union Cement Co., Ltd. (“Union Cement”) and to cease the production of cement clinker. In May 2018, Union Cement entered into contract with Zhenjiang City Construction Industry Group Company Limited, Jurong Taiwan Cement Co., Ltd., and Jiangsu Jinbiaoying Construction Co., Ltd. to dispose of its land use rights, buildings, inventory, and equipment. The transactions for disposal of inventory and equipment were completed in June 2019. The cancellation of registration was approved by Zhenjiang Bureau of Administration for Market Regulation on April 1, 2020.

The above transactions met the criteria of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Therefore, assets disposed of were classified as a disposal group held for sale. The disposal group was presented as a discontinued operation since it met the definition of discontinued operations.

The details of profit (loss) from discontinued operations and the related cash flow information are as follows:

| | For the Three Months Ended September 30, 2020 | For the Nine Months Ended September 30, 2020 |
|-------------------------------------|--|---|
| Operating revenue | \$ - | \$ - |
| Operating costs | <u>-</u> | <u>-</u> |
| Gross profit | - | - |
| Selling and marketing expenses | - | - |
| General and administrative expenses | <u>-</u> | <u>-</u> |
| Loss from operations | - | - |
| Interest income | - | 3,967 |

(Continued)

| | For the Three Months Ended September 30, 2020 | For the Nine Months Ended September 30, 2020 |
|--|--|---|
| Other income | \$ - | \$ - |
| Other gains or losses | - | (2,468) |
| Finance costs | <u>-</u> | <u>-</u> |
| Profit before tax | - | 1,499 |
| Income tax expense | <u>-</u> | <u>-</u> |
| Net profit for the year | <u>\$ -</u> | <u>\$ 1,499</u> |
| Profit from discontinued operations attributable to: | | |
| Owners of the Company | \$ - | \$ 1,499 |
| Non-controlling interests | <u>-</u> | <u>-</u> |
| | <u>\$ -</u> | <u>\$ 1,499</u> |
| Cash flows | | |
| Operating activities | | \$ (9,383) |
| Investing activities | | 3,967 |
| Financing activities | | <u>(601,796)</u> |
| Net cash outflows | | <u>\$ (607,212)</u> (Concluded) |

b. Disposal groups held for sale

On June 26, 2018, the board of directors of the Company resolved to authorize the subsidiary, Shanghai Jia Huan Concrete Co., Ltd. (“Shanghai Jia Huan”), to act in accordance with the land reserve plan for environmental improvement by Shanghai city, and to dispose of its plants located in the waterfront area of Xuhui District and the related land use rights. On July 12, 2018, the board of directors and the shareholders of Shanghai Jia Huan resolved to enter into a compensation contract with Shanghai Xuhui District Land Reserve Center and Shanghai Xuhui Waterfront Development, Construction, and Investment Co., Ltd. The compensation contract was signed in August 2018, and the aforementioned disposal was completed in June 2020. The total proceeds of \$441,528 thousand (RMB105,430 thousand) were fully received, and after deducting the cost of assets in the disposal group classified as held for sale of \$41,426 thousand (RMB9,898 thousand) and other relevant demolition cost and taxes, disposal of the assets of \$335,919 thousand was recognized under other gains and losses.

14. FINANCIAL ASSETS AT AMORTIZED COST

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-------------------------------|------------------------------|------------------------------------|
| <u>Current</u> | | | |
| Principal guaranteed investments (Note) | \$ - | \$ 501,955 | \$ 836,239 |
| Time deposits with original maturities of more than 3 months | <u>3,158,852</u> | <u>3,563,891</u> | <u>2,568,983</u> |
| | <u>\$ 3,158,852</u> | <u>\$ 4,065,846</u> | <u>\$ 3,405,222</u> (Continued) |

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-----------------------|----------------------|-----------------------------|
| <u>Non-current</u> | | | |
| Restricted deposits | \$ 25,831 | \$ 25,794 | \$ 25,770 |
| <u>Interest rate range</u> | | | |
| Principal guaranteed investments | - | 2.20%-2.70% | 2.10%-3.08% |
| Time deposits with original maturities of more than 3 months | 0.05%-2.69% | 0.57%-2.25% | 0.04%-2.25% |
| Restricted deposits | 0.09%-0.815% | 0.41%-1.045% | 0.09%-1.065% (Concluded) |

Note: Early redemption is not applicable to these investment products.

- a. The Group has tasked its credit management committee to develop a credit risk grading framework to determine whether the credit risk of the financial assets at amortized cost increases significantly since the last period to the reporting date as well as to measure the expected credit losses. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors. In the consideration of an analysis of the debtor's current financial position and the forecasted direction of economic conditions in the industry, the Group forecasts 12-month expected credit losses or lifetime expected credit losses of financial assets at amortized cost. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group assessed the expected credit loss rate as 0%.
- b. Refer to Note 38 for the carrying amounts of financial assets pledged by the Group to secure obligations.

15. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | | | Remark |
|---|---|--|-----------------------------|----------------------|-----------------------|--------------------|
| | | | September 30, 2021 | December 31, 2020 | September 30, 2020 | |
| Chia Hsin Cement Corporation | Tong Yang Chia Hsin International Corporation | General international trade (all business items that are not prohibited or restricted by law, except those that are subject to special approval) | 87.18 | 87.18 | 87.18 | - |
| Chia Hsin Cement Corporation | Chia Hsin Property Management & Development Corporation | Wholesale and retail business of machinery; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling | 100.00 | 100.00 | 100.00 | - |
| Chia Hsin Cement Corporation | Chia Pei International Corporation | Mining; wholesale of building materials; nonmetallic mining; retail sale of building materials; international trade; rental and leasing business; retail sale of other machinery and equipment | 100.00 | 100.00 | 100.00 | - |
| Chia Hsin Cement Corporation | Chia Hsin Pacific Limited | Holding company | 74.16 | 74.16 | 74.16 | Exchange rate risk |
| Chia Hsin Cement Corporation | BlueSky. Co., Ltd. | International trade; real estate trading; real estate leasing | 100.00 | 100.00 | 100.00 | - |
| Chia Hsin Cement Corporation | YJ International Corporation | Real estate rental and leasing; real estate management; realtor agent | 100.00 | 100.00 | 100.00 | - |
| Chia Hsin Cement Corporation | Jaho Life Plus+ Management Corp., Ltd. (Note 1) | Management consulting service | 100.00 | 100.00 | 100.00 | - |
| YJ International Corporation | CHC Ryukyu Development GK | Real estate rental and leasing; management consulting service | 100.00 | 100.00 | 100.00 | Exchange rate risk |
| YJ International Corporation | CHC Ryukyu COLLECTIVE KK | Hotel management | 100.00 | 100.00 | 100.00 | Exchange rate risk |
| Tong Yang Chia Hsin International Corporation | Tong Yang Chia Hsin Marine Corp. | Shipping service | 100.00 | 100.00 | 100.00 | Exchange rate risk |
| Tong Yang Chia Hsin International Corporation | Chia Hsin Pacific Limited | Holding company | 24.18 | 24.18 | 24.18 | Exchange rate risk |

(Continued)

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | | | Remark |
|---|--|--|-----------------------------|-------------------|--------------------|---|
| | | | September 30, 2021 | December 31, 2020 | September 30, 2020 | |
| Tong Yang Chia Hsin Marine Corp. | Jiangsu Jiaguo Construction Material Storage Co., Ltd. | Engaging in overland delivery of ordinary goods and the processing, manufacturing and selling of cement and other construction material | 100.00 | 100.00 | 100.00 | Exchange rate risk and political risk arising from cross-strait relations |
| Jiangsu Jiaguo Construction Material Storage Co., Ltd. | Jiangsu Jiaxin Property Limited Company | Developing and selling real estate and providing property management service | 100.00 | 100.00 | 100.00 | Exchange rate risk and political risk arising from cross-strait relations |
| Chia Hsin Property Management & Development Corporation | Chia Sheng Construction Corp. | Wholesale and retail business of machinery; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling | 100.00 | 100.00 | 100.00 | - |
| Chia Hsin Pacific Limited | Effervesce Investment Pte. Ltd. | Investment and holding company | 100.00 | 100.00 | 100.00 | Exchange rate risk |
| Effervesce Investment Pte. Ltd. | Chia Hsin Business Consulting (Shanghai) Co., Ltd. | Consulting for developing information system for business and finance purpose. | 100.00 | 100.00 | 100.00 | Exchange rate risk and political risk arising from cross-strait relations |
| Effervesce Investment Pte. Ltd. | Shanghai Chia Hsin Ganghui Co., Ltd. | Warehousing and packing bulk cement and formulating and delivering high-strength cement. | 100.00 | 100.00 | 100.00 | Exchange rate risk and political risk arising from cross-strait relations |
| Effervesce Investment Pte. Ltd. | Shanghai Jia Huan Concrete Co., Ltd. | Processing, manufacturing and selling of cement, concrete and other related products. | 68.00 | 68.00 | 68.00 | Exchange rate risk and political risk arising from cross-strait relations |
| Chia Hsin Pacific Limited | Yonica Pte Ltd (Note 6) | Investment and holding company | 100.00 | 100.00 | 100.00 | Exchange rate risk |
| Yonica Pte Ltd | Jiangsu Union Cement Co., Ltd. (Note 5) | Processing, manufacturing and selling of cement. | - | - | - | Exchange rate risk and political risk arising from cross-strait relations |
| Chia Hsin Pacific Limited | Sparksvie Pte. Ltd. | Investment and holding company | 100.00 | 100.00 | 100.00 | Exchange rate risk |
| Sparksvie Pte. Ltd. | Shanghai Jia Huan Concrete Co., Ltd. | Processing, manufacturing and selling of cement, concrete and other related products. | 32.00 | 32.00 | 32.00 | Exchange rate risk and political risk arising from cross-strait relations |
| Chia Hsin Business Consulting (Shanghai) Co., Ltd. | Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. (Note 2) | Consulting for management of healthcare and hotel business. | 100.00 | 100.00 | 100.00 | Exchange rate risk and political risk arising from cross-strait relations |
| Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. | Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd. (Note 3) | Providing healthcare service to mothers in pregnancy, parturition and postpartum period. | 100.00 | 100.00 | 100.00 | Exchange rate risk and political risk arising from cross-strait relations |
| Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. | Jiapeng Maternal and Child Care (Suzhou) Co., Ltd. (Note 4) | Providing healthcare service to mothers in pregnancy, parturition and postpartum period. | 100.00 | 100.00 | - | Exchange rate risk and political risk arising from Cross-Strait relations |

(Concluded)

Note 1: On January 16 and October 6, 2020, the Group increased its investment by \$100,000 thousand in total.

Note 2: On September 3, 2020, the board of directors of Chia Hsin Business Consulting (Shanghai) Co., Ltd. passed a resolution to repurchase 30% interests of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. from an unrelated party, China Chemical & Pharmaceutical Co., Ltd. The total transaction amount was \$22,231 thousand; therefore Chia Hsin Business Consulting (Shanghai) Co., Ltd. increased its continuing interest in Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. from 70% to 100%. On September 16, 2020 and January 26, 2021, and May 28, 2021 after the abovementioned transaction, Chia Hsin Business Consulting (Shanghai) Co., Ltd. increased its investment in Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. by RMB21,000 thousand, RMB8,000 thousand and RMB4,000 thousand, respectively.

Note 3: On January 16, 2020, November 20, 2020, and January 27, 2021, Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. increased investment by RMB10,000 thousand, RMB8,000 thousand, and RMB14,000 thousand in Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd., respectively.

- Note 4: On December 10, 2020, Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. invested RMB6,000 thousand to establish Jiapeng Maternal and Child Care (Suzhou) Co., Ltd., which is thereafter included in the consolidated financial statements. On May 28, 2021, Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. increased by RMB4,000 thousand the investment in Jiapeng Maternal and Child care (Suzhou) Co., Ltd.
- Note 5: On April 1, 2020, the cancellation of registration was completed. After deducting exchange differences from the translation to presentation currency, a gain on disposal of subsidiary of \$92,073 thousand was recognized under other gains and losses in 2020.
- Note 6: It was liquidated by the resolution of the board of directors on April 20, 2021.
- Note 7: Except for Chia Hsin Property Management & Development Corporation, Tong Yang Chia Hsin International Corporation and Chia Pei International Corporation the significant subsidiary, which are reviewed by the independent auditors, the other non-significant subsidiaries included in the consolidated financial report for the nine months ended September 30, 2020 and 2021 are presented using unreviewed financial statements from each entity. As of September 30, 2021 and 2020, combined total assets of these non-significant subsidiaries were \$11,489,624 thousand and \$11,798,251 thousand, respectively, representing 27.68% and 31.30%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$4,714,694 thousand and \$4,773,757 thousand, respectively, representing 32.45% and 32.67%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the amounts of combined comprehensive income (loss) of these subsidiaries were \$(74,237) thousand, \$(82,970) thousand, \$(325,589) thousand and \$(135,869) thousand, respectively, representing (8.54%), (9.78%), (11.19%) and (64.54%), respectively, of the consolidated total comprehensive income.

Any transaction, account balance, revenue and expense between the consolidated entities is eliminated and not shown on the consolidated financial statements.

b. Details of subsidiaries that have material non-controlling interests

| | Proportion of Ownership and Voting Rights Held by Non-Controlling Interests | | |
|---|--|------------------------------|-------------------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
| Tong Yang Chia Hsin International Corporation | 12.82% | 12.82% | 12.82% |

Refer to Note 42, Tables 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the subsidiaries and associates.

| Name of Subsidiary | Profit (Loss) Allocated to Non-controlling Interests | | Accumulated Non-controlling Interests | | |
|---|---|------------------|--|---------------------|----------------------|
| | For the Nine Months Ended September 30 | | September 30, | December 31, | September 30, |
| | 2021 | 2020 | 2021 | 2020 | 2020 |
| Tong Yang Chia Hsin International Corporation | <u>\$ 82,985</u> | <u>\$ 65,934</u> | <u>\$ 1,028,575</u> | <u>\$ 938,143</u> | <u>\$ 907,661</u> |

The summarized financial information below represents amounts before intragroup eliminations.

Tong Yang Chia Hsin International Corporation

| | September 30, 2021 | December 31, 2020 | September 30, 2020 | |
|--|--|------------------------------|---|---------------------|
| Current assets | \$ 2,616,534 | \$ 2,248,612 | \$ 2,200,989 | |
| Non-current assets | 5,731,616 | 5,296,456 | 5,171,689 | |
| Current liabilities | (161,247) | (45,845) | (92,704) | |
| Non-current liabilities | <u>(165,286)</u> | <u>(182,804)</u> | <u>(201,288)</u> | |
| Equity | <u>\$ 8,021,617</u> | <u>\$ 7,316,419</u> | <u>\$ 7,078,686</u> | |
| Equity attributable to: | | | | |
| Owners of the Company | \$ 6,993,042 | \$ 6,378,276 | \$ 6,171,025 | |
| Non-controlling interests of Tong Yang Chia Hsin International Corporation | <u>1,028,575</u> | <u>938,143</u> | <u>907,661</u> | |
| Carrying amount | <u>\$ 8,021,617</u> | <u>\$ 7,316,419</u> | <u>\$ 7,078,686</u> | |
| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
| | 2021 | 2020 | 2021 | 2020 |
| Operating revenue | <u>\$ 26,567</u> | <u>\$ 25,498</u> | <u>\$ 81,261</u> | <u>\$ 78,373</u> |
| Net profit for the year | \$ 531,062 | \$ 395,539 | \$ 647,307 | \$ 514,303 |
| Other comprehensive income (loss) | <u>(156,929)</u> | <u>(183,326)</u> | <u>986,800</u> | <u>(923,862)</u> |
| Total comprehensive income (loss) for the year | <u>\$ 374,133</u> | <u>\$ 212,213</u> | <u>\$ 1,634,107</u> | <u>\$ (409,559)</u> |
| Profit attributable to: | | | | |
| Owners of the Company | \$ 462,980 | \$ 344,830 | \$ 564,322 | \$ 448,369 |
| Non-controlling interests of Tong Yang Chia Hsin International Corporation | <u>68,082</u> | <u>50,709</u> | <u>82,985</u> | <u>65,934</u> |
| | <u>\$ 531,062</u> | <u>\$ 395,539</u> | <u>\$ 647,307</u> | <u>\$ 514,303</u> |
| Total comprehensive income (loss) attributable to: | | | | |
| Owners of the Company | \$ 326,168 | \$ 185,008 | \$ 1,424,614 | \$ (357,053) |
| Non-controlling interests of Tong Yang Chia Hsin International Corporation | <u>47,965</u> | <u>27,205</u> | <u>209,493</u> | <u>(52,506)</u> |
| | <u>\$ 374,133</u> | <u>\$ 212,213</u> | <u>\$ 1,634,107</u> | <u>\$ (409,559)</u> |

| | For the Nine Months Ended September 30 | |
|---------------------------------|---|------------------|
| | 2021 | 2020 |
| Net cash (outflow) inflow from: | | |
| Operating activities | \$ 17,174 | \$ (19,334) |
| Investing activities | 358,509 | 718,733 |
| Financing activities | <u>(545,568)</u> | <u>(696,356)</u> |
| Net cash (outflow) inflow | <u>\$ (169,885)</u> | <u>\$ 3,043</u> |

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-------------------------------|-------------------------------|------------------------------|-------------------------------|
| Investments in associates | \$ 3,450,229 | \$ 3,628,571 | \$ 2,323,265 |
| Investments in joint ventures | <u>-</u> | <u>-</u> | <u>161,848</u> |
| | <u>\$ 3,450,229</u> | <u>\$ 3,628,571</u> | <u>\$ 2,485,113</u> |

a. Investments in associates

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-------------------------------|------------------------------|-------------------------------|
| Material associates | | | |
| LDC ROME HOTELS S.R.L. | \$ 311,257 | \$ 367,335 | \$ 341,951 |
| L'Hotel De Chine Corporation | 1,024,852 | 1,164,251 | - |
| Chia Hsin Construction & Development Corp. | 1,874,771 | 1,792,694 | 1,730,987 |
| Associates that are not individually material | <u>239,349</u> | <u>304,291</u> | <u>250,327</u> |
| | <u>\$ 3,450,229</u> | <u>\$ 3,628,571</u> | <u>\$ 2,323,265</u> |

1) Material associates

| | Proportion of Ownership and Voting Rights | | |
|--|--|------------------------------|-------------------------------|
| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
| LDC ROME HOTELS S.R.L. | 40.00% | 40.00% | 40.00% |
| Chia Hsin Construction & Development Corp. | 43.87% | 43.87% | 43.87% |
| L'Hotel De Chine Corporation | 23.10% | 23.10% | - |

Refer to Note 42, Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates, and Table 8 “Information on Investments in mainland China.”

All the associates were accounted for using the equity method.

Summarized financial information in respect of each of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

LDC ROME HOTELS S.R.L.

| | September 30, 2021 | December 31, 2020 | September 30, 2020 | |
|--|--|------------------------------|---|---------------------|
| Current assets | \$ 215,732 | \$ 311,500 | \$ 246,328 | |
| Non-current assets | 1,656,836 | 1,824,143 | 1,829,479 | |
| Current liabilities | (278,369) | (102,503) | (391,164) | |
| Non-current liabilities | <u>(816,056)</u> | <u>(1,114,803)</u> | <u>(829,766)</u> | |
| Equity | <u>\$ 778,143</u> | <u>\$ 918,337</u> | <u>\$ 854,877</u> | |
| Proportion of the Group's ownership | 40.00% | 40.00% | 40.00% | |
| Equity attributable to the Group | <u>\$ 311,257</u> | <u>\$ 367,335</u> | <u>\$ 341,951</u> | |
| Carrying amount | <u>\$ 311,257</u> | <u>\$ 367,335</u> | <u>\$ 341,951</u> | |
| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
| | 2021 | 2020 | 2021 | 2020 |
| Operating revenue | <u>\$ 124,792</u> | <u>\$ 46,261</u> | <u>\$ 159,889</u> | <u>\$ 132,719</u> |
| Net (loss) income for the year | \$ 5,810 | \$ (45,839) | \$ (72,118) | \$ (138,210) |
| Other comprehensive income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income (loss) for the year | <u>\$ 5,810</u> | <u>\$ (45,839)</u> | <u>\$ (72,118)</u> | <u>\$ (138,210)</u> |

Chia Hsin Construction & Development Corp.

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-------------------------------|------------------------------|-------------------------------|
| Current assets | \$ 1,892,329 | \$ 2,041,258 | \$ 1,865,342 |
| Non-current assets | 2,609,792 | 2,410,159 | 2,467,722 |
| Current liabilities | (160,969) | (381,994) | (221,077) |
| Non-current liabilities | <u>(97,037)</u> | <u>(12,394)</u> | <u>(195,617)</u> |
| Equity | <u>\$ 4,244,115</u> | <u>\$ 4,057,029</u> | <u>\$ 3,916,370</u> |
| Proportion of the Group's ownership | 43.87% | 43.87% | 43.87% |
| Equity attributable to the Group | \$ 1,861,896 | \$ 1,779,819 | \$ 1,718,112 |
| Premium representing the difference between fair value and book value of remaining equity investments | <u>12,875</u> | <u>12,875</u> | <u>12,875</u> |
| Carrying amount | <u>\$ 1,874,771</u> | <u>\$ 1,792,694</u> | <u>\$ 1,730,987</u> |

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|------------------|---|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Operating revenue | \$ <u>24,813</u> | \$ <u>24,832</u> | \$ <u>74,424</u> | \$ <u>303,363</u> |
| Net profit for the year | \$ 52,230 | \$ 59,653 | \$ 94,610 | \$ 175,109 |
| Other comprehensive income (loss) | <u>(21,603)</u> | <u>(33,771)</u> | <u>128,332</u> | <u>(186,307)</u> |
| Total comprehensive income (loss) for the year | \$ <u>30,627</u> | \$ <u>25,882</u> | \$ <u>222,942</u> | \$ <u>(11,198)</u> |

L'Hotel De Chine Corporation

| | September 30, 2021 | December 31, 2020 |
|---------------------------------------|--|---|
| Current assets | \$ 1,163,607 | \$ 2,179,633 |
| Non-current assets | 6,237,445 | 6,118,487 |
| Current liabilities | (1,325,815) | (1,525,195) |
| Non-current liabilities | <u>(1,638,647)</u> | <u>(1,732,880)</u> |
| Equity | \$ <u>4,436,590</u> | \$ <u>5,040,045</u> |
| Proportion of the Group's ownership | 23.10% | 23.10% |
| Equity attributable to the Group | \$ <u>1,024,852</u> | \$ <u>1,164,251</u> |
| Carrying amount | \$ <u>1,024,852</u> | \$ <u>1,164,251</u> |
| | For the Three Months Ended September 30, 2021 | For the Nine Months Ended September 30, 2021 |
| Operating revenue | \$ <u>129,557</u> | \$ <u>620,351</u> |
| Net loss for the year | \$ (214,181) | \$ (603,455) |
| Other comprehensive loss | <u>-</u> | <u>-</u> |
| Total comprehensive loss for the year | \$ <u>(214,181)</u> | \$ <u>(603,455)</u> |

Acquisition of associates

On December 1, 2020, the Group acquired 67,998,915 shares of L'Hotel De Chine Corporation for \$1,107,340 thousand in cash and \$50,000 thousand of contingent consideration agreement, which represented a shareholding of 23.10%. As of September 30, 2021, the Group has not yet identified the difference between the cost of acquisition and the net fair value of the identifiable assets and liabilities of its associate. The amount is estimated based on the most probable taxable value by the management.

**L'Hotel De
Chine
Corporation**

| | |
|---|---------------------|
| Cash | \$ 1,107,340 |
| Contingent consideration agreement (Note) | <u>50,000</u> |
| | <u>\$ 1,157,340</u> |

Note: According to the contingent consideration agreement, if the earnings per share of L'Hotel De Chine Corporation in 2020 did not meet the contractual agreement, the Group is not obligated to pay the contingent consideration. The earnings per share in 2020 has met the contractual agreement and, therefore, the Group has paid the contingent consideration on May 31, 2021.

2) Aggregate information of associates that are not individually material

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-----------------|---|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| The Group's share of: | | | | |
| (Loss) profit from continuing operations | \$ 87 | \$ 9,398 | \$ (5,631) | \$ 3,655 |
| Other comprehensive income (loss) | <u>(5,946)</u> | <u>(6,127)</u> | <u>1,776</u> | <u>(19,395)</u> |
| Total comprehensive (loss) income for the year | <u>\$ (5,859)</u> | <u>\$ 3,271</u> | <u>\$ (3,855)</u> | <u>\$ (15,740)</u> |

On May 10, 2019, the board of directors of Shanghai Chang Hsin Shipping Co., Ltd., an associate that is not individually material held by the Group, resolved to liquidate the company. On May 17, 2021, the liquidation process and the cancellation of registration of Shanghai Chang Hsin Shipping Co., Ltd. were completed. The Group received \$66,327 thousand of cash return on capital due to liquidation and recognized \$3,245 thousand of loss on disposal of associates accounted for using the equity method under other gains and losses.

b. Investments in joint ventures

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-----------------------|----------------------|-----------------------|
| Joint ventures that are not individually material | | | |
| Jiangsu Union Mining Industry Ltd. (Note) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 161,848</u> |

Note: On January 17, 2019, the board of directors resolved to liquidate the company. On December 29, 2020, the cancellation of registration was completed.

Investments in abovementioned joint ventures were accounted for using the equity method.

c. The investment accounted for using the equity method and the Group's share of profit or loss from such investment are calculated by using each entity's unreviewed financial report.

17. PROPERTY, PLANT AND EQUIPMENT

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--------------------------------------|-----------------------|----------------------|-----------------------|
| Assets used by the Group | \$ 5,447,276 | \$ 6,126,784 | \$ 6,181,667 |
| Assets leased under operating leases | <u>65,266</u> | <u>68,649</u> | <u>75,730</u> |
| | <u>\$ 5,512,542</u> | <u>\$ 6,195,433</u> | <u>\$ 6,257,397</u> |

a. Assets used by the Group

| | Land | Building | Machinery and Equipment | Transportation Equipment | Leasehold Improvement | Other Equipment | Property under Construction | Total |
|---|---------------------|---------------------|----------------------------|-----------------------------|--------------------------|--------------------|-----------------------------------|---------------------|
| Cost | | | | | | | | |
| Balance at January 1, 2020 | \$ 1,053,422 | \$ 3,649,892 | \$ 821,036 | \$ 17,732 | \$ 2,716,705 | \$ 628,807 | \$ 91,480 | \$ 8,979,074 |
| Additions | - | 1,919 | 6,328 | 1,308 | 32,464 | 15,150 | 13,618 | 70,787 |
| Disposals | (5,377) | - | (24,077) | (324) | - | (1,611) | - | (31,389) |
| Reclassified from property under construction (Note) | - | 6,108 | - | - | 74,608 | 7,581 | (92,425) | (4,128) |
| Reclassified from prepayment | - | - | 9,160 | - | - | - | - | 9,160 |
| Effect of foreign currency exchange differences | (1,512) | (5,367) | (612) | (69) | 403 | (696) | 63 | (7,790) |
| Balance at September 30, 2020 | <u>\$ 1,046,533</u> | <u>\$ 3,652,552</u> | <u>\$ 811,835</u> | <u>\$ 18,647</u> | <u>\$ 2,824,180</u> | <u>\$ 649,231</u> | <u>\$ 12,736</u> | <u>\$ 9,015,714</u> |
| Revaluation | | | | | | | | |
| Balance at January 1, 2020 | \$ - | \$ - | \$ 15,806 | \$ - | \$ - | \$ 357 | \$ - | \$ 16,163 |
| Effect of foreign currency exchange differences | - | - | - | - | - | - | - | - |
| Balance at September 30, 2020 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,806</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 357</u> | <u>\$ -</u> | <u>\$ 16,163</u> |
| Accumulated depreciation | | | | | | | | |
| Balance at January 1, 2020 | \$ - | \$ 12,175 | \$ 559,835 | \$ 11,918 | \$ 1,609,350 | \$ 158,107 | \$ - | \$ 2,351,385 |
| Depreciation expenses | - | 107,036 | 33,796 | 1,211 | 101,158 | 74,856 | - | 318,057 |
| Disposals | - | - | (24,077) | (292) | - | (1,583) | - | (25,952) |
| Effect of foreign currency exchange differences | - | (903) | (371) | (55) | 101 | (460) | - | (1,688) |
| Balance at September 30, 2020 | <u>\$ -</u> | <u>\$ 118,308</u> | <u>\$ 569,183</u> | <u>\$ 12,782</u> | <u>\$ 1,710,609</u> | <u>\$ 230,920</u> | <u>\$ -</u> | <u>\$ 2,641,802</u> |
| Accumulated impairment | | | | | | | | |
| Balance at January 1, 2020 | \$ - | \$ - | \$ 55,848 | \$ - | \$ 152,610 | \$ - | \$ - | \$ 208,458 |
| Effect of foreign currency exchange differences | - | - | (50) | - | - | - | - | (50) |
| Balance at September 30, 2020 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 55,798</u> | <u>\$ -</u> | <u>\$ 152,610</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 208,408</u> |
| Carrying amounts at January 1, 2020 | <u>\$ 1,053,422</u> | <u>\$ 3,637,717</u> | <u>\$ 221,159</u> | <u>\$ 5,814</u> | <u>\$ 954,745</u> | <u>\$ 471,057</u> | <u>\$ 91,480</u> | <u>\$ 6,435,394</u> |
| Carrying amounts at September 30, 2020 | <u>\$ 1,046,533</u> | <u>\$ 3,534,244</u> | <u>\$ 202,660</u> | <u>\$ 5,865</u> | <u>\$ 960,961</u> | <u>\$ 418,668</u> | <u>\$ 12,736</u> | <u>\$ 6,181,667</u> |
| Cost | | | | | | | | |
| Balance at January 1, 2021 | \$ 1,049,179 | \$ 3,664,218 | \$ 810,215 | \$ 18,722 | \$ 2,871,645 | \$ 649,990 | \$ 29,612 | \$ 9,093,581 |
| Additions | - | 4,117 | 4,037 | 1,330 | 1,595 | 25,751 | 62,118 | 98,948 |
| Disposals | - | - | (3,717) | (855) | - | (577) | - | (5,149) |
| Reclassified from property under construction (Note) | - | - | 704 | - | 19 | 5,470 | (6,933) | (740) |
| Effect of foreign currency exchange differences | (103,204) | (362,527) | (19,126) | (113) | 112 | (40,855) | (1,461) | (527,174) |
| Balance at September 30, 2021 | <u>\$ 945,975</u> | <u>\$ 3,305,808</u> | <u>\$ 792,113</u> | <u>\$ 19,084</u> | <u>\$ 2,873,371</u> | <u>\$ 639,779</u> | <u>\$ 83,336</u> | <u>\$ 8,659,466</u> |
| Revaluation | | | | | | | | |
| Balance at January 1, 2021 | \$ - | \$ - | \$ 15,806 | \$ - | \$ - | \$ 357 | \$ - | \$ 16,163 |
| Disposals | - | - | - | - | - | (127) | - | (127) |
| Effect of foreign currency exchange differences | - | - | - | - | - | - | - | - |
| Balance at September 30, 2021 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,806</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 230</u> | <u>\$ -</u> | <u>\$ 16,036</u> |

(Continued)

| | Land | Building | Machinery and Equipment | Transportation Equipment | Leasehold Improvement | Other Equipment | Property under Construction | Total |
|---|---------------------|---------------------|-------------------------|--------------------------|-----------------------|-------------------|-----------------------------|---------------------|
| <u>Accumulated depreciation</u> | | | | | | | | |
| Balance at January 1, 2021 | \$ - | \$ 154,485 | \$ 573,788 | \$ 13,217 | \$ 1,759,806 | \$ 256,385 | \$ - | \$ 2,757,681 |
| Depreciation expenses | - | 100,978 | 20,630 | 1,313 | 87,570 | 74,558 | - | 285,049 |
| Disposals | - | - | (3,717) | (855) | - | (692) | - | (5,264) |
| Effect of foreign currency exchange differences | - | (19,475) | (3,526) | (65) | (5) | (11,251) | - | (34,322) |
| Balance at September 30, 2021 | <u>\$ -</u> | <u>\$ 235,988</u> | <u>\$ 587,175</u> | <u>\$ 13,610</u> | <u>\$ 1,847,371</u> | <u>\$ 319,000</u> | <u>\$ -</u> | <u>\$ 3,003,144</u> |
| <u>Accumulated impairment</u> | | | | | | | | |
| Balance at January 1, 2021 | \$ - | \$ - | \$ 55,987 | \$ - | \$ 169,292 | \$ - | \$ - | \$ 225,279 |
| Effect of foreign currency exchange differences | - | - | (146) | - | (51) | - | - | (197) |
| Balance at September 30, 2021 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 55,841</u> | <u>\$ -</u> | <u>\$ 169,241</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 225,082</u> |
| Carrying amounts at January 1, 2021 | <u>\$ 1,049,179</u> | <u>\$ 3,509,733</u> | <u>\$ 196,246</u> | <u>\$ 5,505</u> | <u>\$ 942,547</u> | <u>\$ 393,962</u> | <u>\$ 29,612</u> | <u>\$ 6,126,784</u> |
| Carrying amounts at September 30, 2021 | <u>\$ 945,975</u> | <u>\$ 3,069,820</u> | <u>\$ 164,903</u> | <u>\$ 5,474</u> | <u>\$ 856,759</u> | <u>\$ 321,009</u> | <u>\$ 83,336</u> | <u>\$ 5,447,276</u> |

(Concluded)

Note: In 2020, the amounts of \$2,768 thousand and \$1,360 thousand were transferred from property under construction to intangible assets and general and administrative expenses, respectively. In 2021, the amount of \$740 thousand was transferred from property under construction to other current asset.

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

Buildings

| | |
|--------------------------|------------|
| Office building | 20 years |
| Storage and plant | 20 years |
| Others | 6-47 years |
| Machinery and equipment | 2-20 years |
| Transportation equipment | 3-8 years |
| Leasehold improvement | |
| Office building | 5-40 years |
| Storage and plant | 7-40 years |
| Others | 3-24 years |
| Other equipment | 2-20 years |

b. Assets leased under operating leases

| | Machinery and Equipment | Leasehold Improvement | Other Equipment | Total |
|---|-------------------------|-----------------------|-----------------|-------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2020 | \$ 224,863 | \$ 126,553 | \$ 2,736 | \$ 354,152 |
| Additions | 10,943 | 246 | - | 11,189 |
| Transfers to investment properties | - | (45,279) | - | (45,279) |
| Effect of foreign currency exchange differences | (1,253) | (463) | (16) | (1,732) |
| Balance at September 30, 2020 | <u>\$ 234,553</u> | <u>\$ 81,057</u> | <u>\$ 2,720</u> | <u>\$ 318,330</u> |

(Continued)

| | Machinery and Equipment | Leasehold Improvement | Other Equipment | Total |
|---|--|----------------------------------|----------------------------|-------------------|
| <u>Accumulated depreciation and impairment</u> | | | | |
| Balance at January 1, 2020 | \$ 201,825 | \$ 49,792 | \$ 2,355 | \$ 253,972 |
| Depreciation expenses | 835 | 3,423 | 43 | 4,301 |
| Transfers to investment properties | - | (14,304) | - | (14,304) |
| Effect of foreign currency exchange differences | <u>(1,145)</u> | <u>(211)</u> | <u>(13)</u> | <u>(1,369)</u> |
| Balance at September 30, 2020 | <u>\$ 201,515</u> | <u>\$ 38,700</u> | <u>\$ 2,385</u> | <u>\$ 242,600</u> |
| Carrying amounts at January 1, 2020 | <u>\$ 23,038</u> | <u>\$ 76,761</u> | <u>\$ 381</u> | <u>\$ 100,180</u> |
| Carrying amounts at September 30, 2020 | <u>\$ 33,038</u> | <u>\$ 42,357</u> | <u>\$ 335</u> | <u>\$ 75,730</u> |
| <u>Cost</u> | | | | |
| Balance at January 1, 2021 | \$ 239,590 | \$ 82,797 | \$ 2,779 | \$ 325,166 |
| Additions | - | - | - | - |
| Effect of foreign currency exchange differences | <u>(3,874)</u> | <u>(1,338)</u> | <u>(45)</u> | <u>(5,257)</u> |
| Balance at September 30, 2021 | <u>\$ 235,716</u> | <u>\$ 81,459</u> | <u>\$ 2,734</u> | <u>\$ 319,909</u> |
| <u>Accumulated depreciation</u> | | | | |
| Balance at January 1, 2021 | \$ 206,250 | \$ 39,998 | \$ 2,452 | \$ 248,700 |
| Depreciation expenses | 879 | 1,396 | 21 | 2,296 |
| Effect of foreign currency exchange differences | <u>(3,343)</u> | <u>(661)</u> | <u>(40)</u> | <u>(4,044)</u> |
| Balance at September 30, 2021 | <u>\$ 203,786</u> | <u>\$ 40,733</u> | <u>\$ 2,433</u> | <u>\$ 246,952</u> |
| <u>Accumulated impairment</u> | | | | |
| Balance at January 1, 2021 | \$ - | \$ 7,817 | \$ - | \$ 7,817 |
| Impairment losses | - | - | - | - |
| Effect of foreign currency exchange differences | <u>-</u> | <u>(126)</u> | <u>-</u> | <u>(126)</u> |
| Balance at September 30, 2021 | <u>\$ -</u> | <u>\$ 7,691</u> | <u>\$ -</u> | <u>\$ 7,691</u> |
| Carrying amounts at January 1, 2021 | <u>\$ 33,340</u> | <u>\$ 34,982</u> | <u>\$ 327</u> | <u>\$ 68,649</u> |
| Carrying amounts at September 30, 2021 | <u>\$ 31,930</u> | <u>\$ 33,035</u> | <u>\$ 301</u> | <u>\$ 65,266</u> |

(Concluded)

Operating leases relate to leases of machinery and equipment and leasehold improvement in the Port of Longwu, Shanghai, with lease term from 2019 to 2023. The operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases is as follows:

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--------|-----------------------|----------------------|-----------------------|
| Year 1 | \$ 29,345 | \$ 28,906 | \$ 28,762 |
| Year 2 | 29,434 | 28,991 | 28,845 |
| Year 3 | 7,355 | 29,070 | 28,933 |
| Year 4 | <u>-</u> | <u>-</u> | <u>7,229</u> |
| | <u>\$ 66,134</u> | <u>\$ 86,967</u> | <u>\$ 93,769</u> |

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

| | |
|-------------------------|-------------|
| Machinery and equipment | 10-15 years |
| Leasehold improvement | |
| Office building | 40 years |
| Storage and plant | 37-40 years |
| Others | 40 years |
| Other equipment | 2-5 years |

- c. Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 38.

18. LEASE ARRANGEMENTS

- a. Right-of-use assets

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--------------------------|-----------------------|----------------------|-----------------------|
| <u>Carrying amounts</u> | | | |
| Land use right | \$ 565,487 | \$ 586,329 | \$ 607,319 |
| Land improvement | 772,828 | 799,502 | 808,393 |
| Building | 336,461 | 396,456 | 351,141 |
| Machinery and equipment | 78 | 139 | 155 |
| Transportation equipment | <u>2,839</u> | <u>3,930</u> | <u>4,264</u> |
| | <u>\$ 1,677,693</u> | <u>\$ 1,786,356</u> | <u>\$ 1,771,272</u> |

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|------------------|---|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Additions to right-of-use asset | \$ - | \$ 11,838 | \$ 1,589 | \$ 26,791 |
| Depreciation charge for right-of-use asset | | | | |
| Land use right | \$ 6,472 | \$ 6,701 | \$ 19,444 | \$ 20,112 |
| Land improvement | 8,891 | 8,891 | 26,673 | 26,420 |
| Building | 18,035 | 16,065 | 54,951 | 47,871 |
| Machinery and equipment | 16 | 17 | 49 | 52 |
| Transportation equipment | 330 | 319 | 994 | 814 |
| | <u>\$ 33,744</u> | <u>\$ 31,993</u> | <u>\$ 102,111</u> | <u>\$ 95,269</u> |

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2021 and 2020.

b. Lease liabilities

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-------------------------|-----------------------|----------------------|-----------------------|
| <u>Carrying amounts</u> | | | |
| Current | \$ 122,232 | \$ 124,926 | \$ 120,382 |
| Non-current | \$ 1,638,971 | \$ 1,723,014 | \$ 1,681,146 |

Range of discount rate for lease liabilities is as follows:

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--------------------------|-----------------------|----------------------|-----------------------|
| Land use right | 1.38%-5.46% | 1.38%-5.46% | 1.38%-5.46% |
| Land improvement | 1.38%-1.58% | 1.38%-1.58% | 1.38%-1.58% |
| Building | 1.30%-5.59% | 1.38%-5.59% | 1.38%-4.99% |
| Machinery and equipment | 5.20% | 5.20% | 5.20% |
| Transportation equipment | 2.00%-6.12% | 2.00%-6.12% | 2.00%-6.12% |

c. Material lease-in activities and terms

1) Warehousing and storage service at the wharves

In order to operate in cargo loading, unloading, storage and transit business, the Group entered into two lease contracts in December 2009 and December 2014, respectively, to lease the first bulk and general cargo center in Port of Taipei ("Port of Taipei") from Port of Keelung Taiwan International Ports Corporation Ltd., and to lease the wharf and equipment attached in the Port of Taichung from Port of Taichung Taiwan International Ports Corporation Ltd. ("Port of Taichung"). The lease term for Port of Taipei lasts for 35 years and 5 months that commenced on December 10, 2009; the lease term for Port of Taichung lasts from December 1, 2014 to December 31, 2024. The rentals for lands in Port of Taipei are calculated on the basis of the regional average rent and the annual rental ratio of the market price of each square meter announced by the government. The leases are adjusted in line with the regional rent and ratio of the market price announced publicly. The rentals for

buildings are adjusted in accordance with annual “Construction Cost Index” published by the Directorate General of Budget, Accounting and Statistics (DGBAS), the Executive Yuan of the ROC.

The rentals for the land in Port of Taichung are calculated based on land value of the area and the annual rate of rent approved by the government, and will adapt to any adjustments made by the government. The rent for the equipment of Port of Taichung is adjusted yearly based on the Annual Wholesale Price Indices of Taiwan, and the percentage of changes is limited to 2 percent.

According to the abovementioned contracts, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessors’ consent. At the end of the contract terms, the Group has the right to apply for extension, and a new contract can be signed at both parties’ consent.

Joint Operating Agreement

In order to operate a bulk cement business in China, the Group entered into a joint operating agreement with Shanghai Longwu Harbor Company (“Longwu Harbor”). According to the agreement, Longwu Harbor should lease the land use right of its pier to the Group. The lease term lasts for 40 years, commencing on the date the joint venture company, established by the two parties, obtains its business license. Beginning on the sixth year of the lease term, the rent should be adjusted annually based on the increasing rate of the average annual cement price listed on the Shanghai Construction Engineering Cost Information System. When the cement price decreased, no rental adjustment should be made. At the end of the contract term, the contract can be extended and registered with relevant government agencies according to the agreement between both parties.

2) Healthcare business

In order to develop its healthcare business, the Group entered into leasing contracts of buildings for operation purposes in both Taiwan and China. The lease terms range from 10 to 15 years. At the end of the lease term, the Group has the right to apply for extension and bargain renewal options. However, the Group has no bargain purchase options and is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessors’ consent.

d. Other lease information

The Group’s leases as lessor of property, plant and equipment and investment properties under operating leases are set out in Notes 17 and 19, respectively; finance leases of assets are set out in Note 11.

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|--------------------|---|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Expenses relating to short-term leases | \$ <u>1,558</u> | \$ <u>1,322</u> | \$ <u>4,181</u> | \$ <u>3,781</u> |
| Expenses relating to low-value asset leases | \$ <u>206</u> | \$ <u>398</u> | \$ <u>802</u> | \$ <u>715</u> |
| Total cash outflow for leases | \$ <u>(35,196)</u> | \$ <u>(32,304)</u> | \$ <u>(112,659)</u> | \$ <u>(99,665)</u> |

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

19. INVESTMENT PROPERTIES

| | Land | Building | Investment Property under Construction | Total |
|--|---------------------|-------------------|---|---------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2020 | \$ 2,169,973 | \$ 336,550 | \$ 93,802 | \$ 2,600,325 |
| Additions | 11,125 | - | 22,833 | 33,958 |
| Disposals | (6,831) | (30,466) | - | (37,297) |
| Transfers from operation leasing assets | - | 45,279 | - | 45,279 |
| Effect of foreign currency exchange differences | (595) | (356) | (284) | (1,235) |
| Balance at September 30, 2020 | <u>\$ 2,173,672</u> | <u>\$ 351,007</u> | <u>\$ 116,351</u> | <u>\$ 2,641,030</u> |
| <u>Revaluation</u> | | | | |
| Balance at January 1, 2020 | \$ 3,854,646 | \$ 156,455 | \$ - | \$ 4,011,101 |
| Disposals | (4,294) | (4,443) | - | (8,737) |
| Balance at September 30, 2020 | <u>\$ 3,850,352</u> | <u>\$ 152,012</u> | <u>\$ -</u> | <u>\$ 4,002,364</u> |
| <u>Accumulated depreciation</u> | | | | |
| Balance at January 1, 2020 | \$ - | \$ 369,693 | \$ - | \$ 369,693 |
| Depreciation expenses | - | 7,699 | - | 7,699 |
| Disposals | - | (34,909) | - | (34,909) |
| Transfers from operation leasing assets | - | 14,304 | - | 14,304 |
| Effect of foreign currency exchange differences | - | (137) | - | (137) |
| Balance at September 30, 2020 | <u>\$ -</u> | <u>\$ 356,650</u> | <u>\$ -</u> | <u>\$ 356,650</u> |
| <u>Accumulated impairment</u> | | | | |
| Balance at January 1, 2020 | \$ - | \$ 11,470 | \$ - | \$ 11,470 |
| Effect of foreign currency exchange differences | - | (65) | - | (65) |
| Balance at September 30, 2020 | <u>\$ -</u> | <u>\$ 11,405</u> | <u>\$ -</u> | <u>\$ 11,405</u> |
| Carrying amounts at January 1, 2020 | <u>\$ 6,024,619</u> | <u>\$ 111,842</u> | <u>\$ 93,802</u> | <u>\$ 6,230,263</u> |
| Carrying amounts at September 30, 2020 | <u>\$ 6,024,024</u> | <u>\$ 134,964</u> | <u>\$ 116,351</u> | <u>\$ 6,275,339</u> |

(Continued)

| | Land | Building | Investment Property under Construction | Total |
|---|---------------------|-------------------|---|---------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2021 | \$ 2,168,581 | \$ 305,852 | \$ 127,139 | \$ 2,601,572 |
| Additions (Note 1) | 53,023 | - | 26,521 | 79,544 |
| Disposals (Note 1 and 2) | (5,012) | (8,972) | - | (13,984) |
| Effect of foreign currency exchange differences | <u>(40,594)</u> | <u>(1,028)</u> | <u>(13,455)</u> | <u>(55,077)</u> |
| Balance at September 30, 2021 | <u>\$ 2,175,998</u> | <u>\$ 295,852</u> | <u>\$ 140,205</u> | <u>\$ 2,612,055</u> |
| <u>Revaluation</u> | | | | |
| Balance at January 1, 2021 | \$ 3,739,647 | \$ 151,645 | \$ - | \$ 3,891,292 |
| Additions | - | - | - | - |
| Disposals (Note 1 and 2) | <u>(48,011)</u> | <u>(635)</u> | <u>-</u> | <u>(48,646)</u> |
| Balance at September 30, 2021 | <u>\$ 3,691,636</u> | <u>\$ 151,010</u> | <u>\$ -</u> | <u>\$ 3,842,646</u> |
| <u>Accumulated depreciation</u> | | | | |
| Balance at January 1, 2021 | \$ - | \$ 342,514 | \$ - | \$ 342,514 |
| Depreciation expenses | - | 6,634 | - | 6,634 |
| Disposals (Note 2) | - | (8,115) | - | (8,115) |
| Effect of foreign currency exchange differences | <u>-</u> | <u>(437)</u> | <u>-</u> | <u>(437)</u> |
| Balance at September 30, 2021 | <u>\$ -</u> | <u>\$ 340,596</u> | <u>\$ -</u> | <u>\$ 340,596</u> |
| <u>Accumulated impairment</u> | | | | |
| Balance at January 1, 2021 | \$ - | \$ 11,649 | \$ - | \$ 11,649 |
| Effect of foreign currency exchange differences | <u>-</u> | <u>(188)</u> | <u>-</u> | <u>(188)</u> |
| Balance at September 30, 2021 | <u>\$ -</u> | <u>\$ 11,461</u> | <u>\$ -</u> | <u>\$ 11,461</u> |
| Carrying amounts at January 1, 2021 | <u>\$ 5,908,228</u> | <u>\$ 103,334</u> | <u>\$ 127,139</u> | <u>\$ 6,138,701</u> |
| Carrying amounts at September 30, 2021 | <u>\$ 5,867,634</u> | <u>\$ 94,805</u> | <u>\$ 140,205</u> | <u>\$ 6,102,644</u> |

(Concluded)

Note 1: In order to activate its assets, the Group undertook a land swap on May 26, 2021 with National Property Administration. The Group swapped out \$5,012 thousand of investment properties - land with revaluation of \$48,011 thousand, and swapped in \$53,023 thousand of assets with the same cost.

Note 2: The amount of \$1,492 thousand was transferred from building to general and administrative expenses in this period.

The abovementioned investment properties are depreciated on a straight-line basis over their estimated useful lives from 5 to 60 years.

The investment properties are not evaluated by an independent valuer but valued by the Group's management using the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and by discounted cash flow analysis. The significant unobservable inputs used include discount rates. The appraised fair value is as follows:

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-------------------------------|------------------------------|-------------------------------|
| The fair values of investment properties | \$ 12,848,717 | \$ 12,892,061 | \$ 13,509,844 |
| Discount rate | 6.4359% | 6.4605% | 5.77% |

The Group's investment properties under construction is located on the seaside, Toyosaki Japan. Because the location is still in the development stage, the comparable market transactions occur infrequently and no substitute estimated fair value can be obtained. As a result, the Group cannot reliably determine the fair value of investment property under construction.

All of the Group's investment properties are freehold properties. The investment properties pledged as collateral for bank borrowings are set out in Note 38.

20. INTANGIBLE ASSETS

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-------------------|-------------------------------|------------------------------|-------------------------------|
| Computer software | <u>\$ 8,311</u> | <u>\$ 11,347</u> | <u>\$ 12,024</u> |

Except for recognized amortization, the Group did not have significant addition, disposal, or impairment of intangible assets during the nine months ended September 30, 2021 and 2020. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 5 years

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|---------------|---|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| An analysis of amortization by function | | | | |
| General and administrative expenses | <u>\$ 648</u> | <u>\$ 682</u> | <u>\$ 1,990</u> | <u>\$ 1,801</u> |

21. OTHER ASSETS

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-------------------------------|-----------------------|----------------------|-----------------------|
| <u>Current</u> | | | |
| Prepayments | | | |
| Prepaid guarantee for freight | \$ 68,796 | \$ 51,824 | \$ 69,314 |
| Prepayment for investment | 41,775 | - | - |
| Overpaid sales tax | 41,990 | 27,744 | 40,929 |
| Office supplies | 6,819 | 7,811 | 11,238 |
| Prepayment for purchase | 163 | 150 | 305 |
| Prepaid rents | 1,402 | 2,191 | 2,419 |
| Others | <u>12,425</u> | <u>11,126</u> | <u>14,874</u> |
| | <u>\$ 173,370</u> | <u>\$ 100,846</u> | <u>\$ 139,079</u> |
| Other current assets | | | |
| Others | <u>\$ 910</u> | <u>\$ -</u> | <u>\$ 521</u> |
| <u>Non-current</u> | | | |
| Other non-current assets | | | |
| Prepayments for equipment | \$ 7,281 | \$ 17,614 | \$ 13,431 |
| Others | 4,336 | 5,809 | 13,425 |
| Overdue receivables (Note 9) | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 11,617</u> | <u>\$ 23,423</u> | <u>\$ 26,856</u> |

22. BORROWINGS

a. Short-term borrowings

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|----------------------|-----------------------|----------------------|-----------------------|
| Secured borrowings | \$ - | \$ 75,000 | \$ - |
| Unsecured borrowings | <u>382,470</u> | <u>1,489,000</u> | <u>1,592,660</u> |
| | <u>\$ 382,470</u> | <u>\$ 1,564,000</u> | <u>\$ 1,592,660</u> |

- 1) The ranges of interest rates on bank loans were 0.85%-0.95%, 0.85%-0.95% and 0.85%-1.26% per annum as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively
- 2) Refer to Note 38 for information on collaterals for the abovementioned borrowings.

b. Short-term bills payable

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-------------------------------|------------------------------|-------------------------------|
| Commercial paper | \$ 80,000 | \$ 137,000 | \$ 22,000 |
| Less: Unamortized discounts on bills payable | <u>(13)</u> | <u>(227)</u> | <u>(20)</u> |
| | <u>\$ 79,987</u> | <u>\$ 136,773</u> | <u>\$ 21,980</u> |

Outstanding short-term bills payable are as follows:

September 30, 2021

| Promissory Institution | Nominal Amount | Discount Amount | Carrying Amount | Interest Rate Range | Collateral |
|-------------------------------------|---------------------------|----------------------------|----------------------------|--------------------------------|-------------------|
| <u>Commercial paper</u> | | | | | |
| Ta Ching Bills | \$ 40,000 | \$ (7) | \$ 39,993 | 0.98% | None |
| Shanghai Commercial Savings Bank | <u>40,000</u> | <u>(6)</u> | <u>39,994</u> | 0.98% | None |
| | <u>\$ 80,000</u> | <u>\$ (13)</u> | <u>\$ 79,987</u> | | |

December 31, 2020

| Promissory Institution | Nominal Amount | Discount Amount | Carrying Amount | Interest Rate Range | Collateral |
|-------------------------------|---------------------------|----------------------------|----------------------------|--------------------------------|-------------------|
| <u>Commercial paper</u> | | | | | |
| International Bills | \$ 60,000 | \$ (88) | \$ 59,912 | 0.958% | None |
| Mega Bills | 50,000 | (75) | 49,925 | 0.968% | None |
| China Development Bills | <u>27,000</u> | <u>(64)</u> | <u>26,936</u> | 0.988% | None |
| | <u>\$ 137,000</u> | <u>\$ (227)</u> | <u>\$ 136,773</u> | | |

September 30, 2020

| Promissory Institution | Nominal Amount | Discount Amount | Carrying Amount | Interest Rate Range | Collateral |
|-------------------------------|---------------------------|----------------------------|----------------------------|--------------------------------|-------------------|
| <u>Commercial paper</u> | | | | | |
| Ta Ching Bills | <u>\$ 22,000</u> | <u>\$ (20)</u> | <u>\$ 21,980</u> | 1.048% | None |

c. Long-term borrowings

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-----------------------------|-----------------------|----------------------|-----------------------|
| <u>Secured borrowings</u> | | | |
| Bank loans (1) | \$ 5,328,472 | \$ 5,585,286 | \$ 5,703,317 |
| Loans from governments (2) | 2,302,742 | 2,526,632 | 2,381,342 |
| <u>Unsecured borrowings</u> | | | |
| Bank loans (3) | <u>1,070,700</u> | <u>1,188,090</u> | <u>468,520</u> |
| | 8,701,914 | 9,300,008 | 8,553,179 |
| Less: Current portion | <u>(584,968)</u> | <u>(528,223)</u> | <u>(517,500)</u> |
| Long-term borrowings | <u>\$ 8,116,946</u> | <u>\$ 8,771,785</u> | <u>\$ 8,035,679</u> |

- 1) The Group signed medium-term secured loan contracts with First Commercial Bank, Cathay United Bank, Bank SinoPac, China Trust Commercial Bank, and Co-operative Treasury Commercial Bank, respectively. The bank loans are to be repaid at once or in installments according to the agreements. The facilities allow drawdowns on a revolving basis. For the nine months ended September 30, 2021 and 2020, the Group has taken new bank loans in the amounts of \$0 thousand and \$1,050,000 thousand, respectively. As of September 30, 2021, December 31, 2020 and September 30, 2020, the interest rates are 1.05%-1.29%, 1.05%-1.28% and 1.05%-1.43%, respectively. The loan is repayable in 5 to 7 years, and the final maturity date of the loan is May 28, 2027.
- 2) The Group entered into a secured government loan facility contract with Okinawa Development Finance Corporation. The loan is to be repaid in installments according to the repayment schedule in the contract. For the nine months ended September 30, 2021 and 2020, the Group has not drawn any new loan. As of September 30, 2021, December 31, 2020 and September 30, 2020, the annual interest rates are 0.05%-0.2%, 0.05%-0.2% and 0.05%, respectively. The final maturity date of the loan is June 25, 2042.
- 3) The Group signed medium-term unsecured loan contracts with Taishin Bank and China Trust Commercial Bank. The bank loans are to be repaid at once or in installments according to the agreements. The facilities allow drawdown on a revolving basis. For the nine months ended September 30, 2021 and 2020, the Group has not drawn any new bank loan. As of September 30, 2021, December 31, 2020 and September 30, 2020, the annual interest rates are 1.27%-1.29%, 1.27%-1.28% and 1.26%-1.27%, respectively. The loan is repayable in 3 to 5 years, and the final maturity date of the loan is August 30, 2024.
- 4) Refer to Note 38 for information on collaterals for the abovementioned borrowings.

23. NOTES PAYABLE AND TRADE PAYABLES

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-----------------------|-----------------------|----------------------|-----------------------|
| <u>Notes payable</u> | | | |
| Operating | <u>\$ 2,511</u> | <u>\$ 3,011</u> | <u>\$ 3,004</u> |
| <u>Trade payables</u> | | | |
| Operating | <u>\$ 50,828</u> | <u>\$ 76,579</u> | <u>\$ 75,129</u> |

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

24. OTHER LIABILITIES

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-----------------------|----------------------|-----------------------|
| <u>Current</u> | | | |
| Other payables | | | |
| Payables for salaries and bonuses | \$ 75,000 | \$ 112,768 | \$ 70,996 |
| Payables for machinery and equipment and construction in progress (Note 34) | 1,787 | 1,041 | 3,216 |
| Payables for VAT | 175,594 | 129,923 | 66,631 |
| Payables for interests | 1,774 | 2,668 | 3,113 |
| Payables for dividends (Note 34) | 901,756 | - | - |
| Payables for professional fees | 2,658 | 11,176 | 2,308 |
| Payables for insurance | 4,201 | 4,523 | 5,567 |
| Payables for contingent consideration (Note 16) | - | 50,000 | - |
| Others | <u>32,404</u> | <u>33,616</u> | <u>27,715</u> |
| | <u>\$ 1,195,174</u> | <u>\$ 345,715</u> | <u>\$ 179,546</u> |
| Advance receipts | | | |
| Advanced rental receipts | <u>\$ 10,252</u> | <u>\$ 11,829</u> | <u>\$ 15,285</u> |
| Other liabilities | | | |
| Receipts under custody | <u>\$ 3,903</u> | <u>\$ 8,093</u> | <u>\$ 5,126</u> |
| <u>Non-current</u> | | | |
| Deferred revenue | | | |
| Government grants (Note 32) | <u>\$ 383,806</u> | <u>\$ 437,169</u> | <u>\$ 431,487</u> |

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of the People's Republic of China, which is a defined contribution plan.

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

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the amounts including in the consolidated statements of comprehensive income in respect of the Group's defined contribution plan were \$3,414 thousand, \$2,735 thousand, \$10,087 thousand and \$8,207 thousand, respectively.

b. Defined benefit plan

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the pension expenses of defined benefit plans were \$584 thousand, \$593 thousand, \$1,752 thousand and \$1,779 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2020 and 2019, respectively.

26. EQUITY

a. Share capital

Ordinary shares

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-----------------------|----------------------|-----------------------|
| Shares authorized (in thousands of shares) | <u>1,500,000</u> | <u>1,500,000</u> | <u>1,500,000</u> |
| Amount of authorized shares | <u>\$ 15,000,000</u> | <u>\$ 15,000,000</u> | <u>\$ 15,000,000</u> |
| Shares issued and fully paid (in thousands of shares) | <u>774,781</u> | <u>774,781</u> | <u>774,781</u> |
| Amount of shares issued and fully paid | <u>\$ 7,747,805</u> | <u>\$ 7,747,805</u> | <u>\$ 7,747,805</u> |

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-----------------------|----------------------|-----------------------|
| <u>May only be used to offset a deficit (1)</u> | | | |
| Treasury share transactions | \$ 367,772 | \$ 367,772 | \$ 367,772 |
| Share-based payments | 20,587 | - | - |
| Unclaimed dividends extinguished by prescription | 11,786 | 11,908 | 9,593 |
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (2)</u> | | | |
| Treasury share transactions | | | |
| Dividends paid to subsidiaries | 710,800 | 555,790 | 555,790 |
| Disposal of treasury shares | 24,829 | 24,925 | 24,925 |
| The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal | <u>7</u> | <u>7</u> | <u>7</u> |
| | <u>\$ 1,135,781</u> | <u>\$ 960,402</u> | <u>\$ 958,087</u> |

- 1) Such capital surplus may only be used to offset a deficit.
 - 2) Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's paid-in capital and once a year).
- c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles of Incorporation of the Company, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as 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 Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 28(g).

Under the Company's residual dividend policy, an appropriate amount of earnings shall be retained for future business expansion and capital needs. Distribution will be made from remaining unappropriated earnings, if any.

Cash dividends distributed shall not be less than 10% of total dividends distributed each year and the rest may be made by way of share dividends.

According to the Company Act No. 237, the Company shall recognize as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the total amount of paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company is required to make appropriation to or reversal from the special reserve for the items referred to in Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". The FSC issued Rule No. 1090150022 on March 31, 2021. Rule No. 1090150022 repealed Rule No. 1010047490 on the same day and Rule No. 1010012865 will repeal on December 31, 2021.

The appropriations of earnings for 2020 and 2019 that had been resolved by the shareholders in their meetings on August 18, 2021 and June 22, 2020, respectively, were as follows:

| | Appropriation of Earnings | |
|---------------------------------|---------------------------------------|-------------|
| | For the Year Ended December 31 | |
| | 2020 | 2019 |
| Legal reserve | \$ 183,510 | \$ 176,052 |
| Cash dividends | \$ 1,079,560 | \$ 771,781 |
| Cash dividends per share (NT\$) | \$1.4 | \$1.0 |

- d. Special reserve

If a special reserve appropriated on the first-time adoption of IFRSs relates to investment properties other than land, the special reserve may be reversed continuously over the period of use or may be reversed upon the disposal or reclassification of the related assets. The special reserve related to land may be reversed on the disposal or reclassification of the land.

In addition to the special reserve that the Company can voluntarily appropriate according to the Articles, the Company may also appropriate or reverse special reserve under the Rule No. 1010012865 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”. If there is subsequent reversal of debits to other equity items, the Company may distribute the reversed debit amounts as dividends. The FSC issued Rule No. 1090150022 on March 31, 2021, and Rule No. 1010012865 will repeal on December 31, 2021.

The special reserves recognized as of September 30, 2021, December 31, 2020 and September 30, 2020 were as follows:

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-------------------------------|------------------------------|-------------------------------|
| Appropriation in respect of the Articles of Incorporation of the Company | \$ 295,756 | \$ 295,756 | \$ 295,756 |
| First application of Rule No. 1010012865 issued by the FSC | | | |
| Revaluation of investment properties (Note) | 1,793,450 | 1,811,158 | 1,881,505 |
| Exchange differences on translation of the financial statements of foreign operations | <u>168,790</u> | <u>168,790</u> | <u>168,790</u> |
| | <u>\$ 2,257,996</u> | <u>\$ 2,275,704</u> | <u>\$ 2,346,051</u> |

Note: In the first half of 2021 and the second half of 2020, the Group reversed \$17,708 thousand and \$70,347 thousand of revaluation of investment properties originated from the first application of rule issued by the FSC due to the completion of subsequent disposal transactions, respectively.

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations:

| | For the Nine Months Ended September 30 | |
|---|---|---------------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ (404,225) | \$ (343,071) |
| Recognized for the year | | |
| Exchange differences on translation of the financial statements of foreign operations | (235,621) | (114,548) |
| Share from associates accounted for using the equity method | (1,049) | (1,002) |
| Related income tax | <u>70,197</u> | <u>23,110</u> |
| Other comprehensive income recognized for the year | <u>(166,473)</u> | <u>(92,440)</u> |
| Balance at September 30 | <u>\$ (570,698)</u> | <u>\$ (435,511)</u> |

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

| | For the Nine Months Ended September 30 | |
|---|---|---------------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ 5,343,439 | \$ 4,997,339 |
| Recognized for the year | | |
| Unrealized gain (loss) - financial instrument at FVTOCI | 2,247,495 | (179,660) |
| Share from associates accounted for using the equity method | <u>58,799</u> | <u>(98,855)</u> |
| Other comprehensive income (loss) recognized for the year | <u>2,306,294</u> | <u>(278,515)</u> |
| Balance at September 30 | <u>\$ 7,649,733</u> | <u>\$ 4,718,824</u> |

f. Non-controlling interests

| | For the Nine Months Ended September 30 | |
|--|---|-------------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ 835,202 | \$ 862,783 |
| Share in profit for the year | 83,065 | 68,296 |
| Other comprehensive income (loss) during the period | | |
| Exchange differences on translating the financial statements of foreign entities | (5,153) | (6,627) |
| Related income tax | 702 | 879 |
| Unrealized gain (loss) on financial assets at FVTOCI | 93,413 | (5,064) |
| Share in other comprehensive income (loss) of associates accounted for using the equity method | 116 | (1,270) |
| Acquisition of non-controlling interests in subsidiaries | - | (19,858) |
| Differences recognized from equity transactions attributable to non-controlling interests | - | (89) |
| Cash dividends | <u>(83,132)</u> | <u>(94,469)</u> |
| Balance at September 30 | <u>\$ 924,213</u> | <u>\$ 804,581</u> |

g. Treasury shares

| Purpose of Buy-back | Shares Transferred to Employees (In Thousands of Shares) | Shares Held by Subsidiaries (In Thousands of Shares) | Total (In Thousands of Shares) |
|--|---|---|---|
| Number of shares at January 1, 2020 | 3,000 | 127,371 | 130,371 |
| Increase during the period | 1,435 | - | 1,435 |
| Decrease during the period | <u>-</u> | <u>-</u> | <u>-</u> |
| Number of shares at September 30, 2020 | <u>4,435</u> | <u>127,371</u> | <u>131,806</u> |
| Number of shares at January 1, 2021 | 4,435 | 127,371 | 131,806 |
| Increase during the period | - | - | - |
| Decrease during the period | <u>(3,000)</u> | <u>-</u> | <u>(3,000)</u> |
| Number of shares at September 30, 2021 | <u>1,435</u> | <u>127,371</u> | <u>128,806</u> |

In order to encourage the employees to achieve better work quality and improve the competitiveness of the Company, the Company repurchases its own shares for the purpose of transferring them to its employees under the circumstances described in Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act.

In the board of directors' meeting No. 429, the Company planned to repurchase 7,000 thousand of its own shares from the centralized securities exchange market during the period from March 26, 2020 to May 24, 2020 at the price ranging from \$11 to \$16, with a maximum total amount of \$112,000 thousand.

The abovementioned repurchase plan is for the purpose of transferring treasury shares to the Company's employees. As of September 30, 2020, the Company had already repurchased 1,435 thousand shares, with a total amount of \$22,240 thousand.

As of the third quarter of 2021, the Company transferred 3,000 thousand treasury shares to its employees at the price of \$13.7 per share; the treasury shares were repurchased in 2018 under the first repurchase plan. The Company recognized \$20,587 thousand of compensation costs on the grant date, and recognized a deduction of \$96 thousand from capital surplus - treasury shares transaction on the shares settlement date.

Refer to Note 31 for information on share-based payment arrangements.

Prior to the amendment of the Company Act at the end of 2001, subsidiaries purchased shares of the Company on the open market in line with government policy in order to maintain the stability of the share price on the open market, and the relevant information on the holding of the Company's shares is as follows:

| Name of Subsidiary | Number of Shares Held (In Thousands of Shares) | Carrying Amount | Market Price |
|---|---|------------------------|---------------------|
| <u>September 30, 2021</u> | | | |
| <u>By direct investment</u> | | | |
| Tong Yang Chia Hsin International Corporation | 127,371 | <u>\$ 1,055,710</u> | <u>\$ 2,359,630</u> |
| <u>December 31, 2020</u> | | | |
| <u>By direct investment</u> | | | |
| Tong Yang Chia Hsin International Corporation | 127,371 | <u>\$ 1,055,710</u> | <u>\$ 2,115,340</u> |
| <u>September 30, 2020</u> | | | |
| <u>By direct investment</u> | | | |
| Tong Yang Chia Hsin International Corporation | 127,371 | <u>\$ 1,055,710</u> | <u>\$ 1,743,351</u> |

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

27. REVENUE

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------------------|--|-------------------|---|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue from contracts with customers | | | | |
| Revenue from the sale of goods | \$ 272,967 | \$ 255,310 | \$ 821,074 | \$ 744,651 |
| Revenue from rent | 64,039 | 66,770 | 190,533 | 198,358 |
| Revenue from rendering of services | 194,337 | 146,551 | 532,194 | 464,527 |
| Revenue from catering and hospitality | <u>28,975</u> | <u>20,539</u> | <u>111,431</u> | <u>73,953</u> |
| | <u>\$ 560,318</u> | <u>\$ 489,170</u> | <u>\$ 1,655,232</u> | <u>\$ 1,481,489</u> |

a. Contract information

Revenue from the sale of goods

The main operating revenue of the Group is from the sale of cement and other merchandise. All goods are sold at their respective fixed price as agreed in the contracts.

Revenue from rent

The rental income comes from the lease of property, plant and equipment. The Group recognizes the revenue according to the contract on accrual basis.

Revenue from rendering of services

The Group operates the cement silo and other storage and transport facilities in the wharves to provide warehousing and storage services. The fee is calculated based on the actual number of goods delivered and the agreed price in the signed contracts.

Revenue from catering and hospitality

The Group recognizes the revenue from catering services once the merchandise is sold to the client. The consideration is collected from the client upon occurrence of the purchase transaction.

The Group recognizes the revenue from hospitality services once the service is rendered to the client. The contractual consideration is collected according to the agreed time schedule.

b. Contract balances

| | September 30, 2021 | December 31, 2020 | September 30, 2020 | January 1, 2020 |
|---|-------------------------------|------------------------------|-------------------------------|----------------------------|
| Notes receivables and trades receivable from unrelated parties (Note 9) | <u>\$ 253,634</u> | <u>\$ 256,134</u> | <u>\$ 230,486</u> | <u>\$ 226,422</u> |
| Trade receivables from related parties (Note 37) | <u>\$ 2,620</u> | <u>\$ 4,041</u> | <u>\$ 2,916</u> | <u>\$ 2,680</u> |
| Contract liabilities - current | <u>\$ 28,380</u> | <u>\$ 13,154</u> | <u>\$ 15,789</u> | <u>\$ 9,479</u> |

c. Disaggregation of revenue

For information on disaggregation of revenue, refer to Note 43.

28. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Interest income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|------------------|---|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Bank deposits | \$ 13,022 | \$ 20,303 | \$ 40,993 | \$ 70,671 |
| Financing provided to others | - | 210 | 112 | 535 |
| Less: Discontinued operations (Note 13) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,967)</u> |
| | <u>\$ 13,022</u> | <u>\$ 20,513</u> | <u>\$ 41,105</u> | <u>\$ 67,239</u> |

b. Other income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-------------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Rental income | \$ 8,712 | \$ 8,438 | \$ 23,634 | \$ 21,777 |
| Dividends | 1,123,786 | 805,217 | 1,128,413 | 807,947 |
| Government subsidy (Note 32) | 10,838 | 2,850 | 26,855 | 9,483 |
| Remuneration of directors (Note 37) | 25,766 | 125 | 26,074 | 24,774 |
| Others | <u>6,485</u> | <u>8,602</u> | <u>23,044</u> | <u>36,547</u> |
| | <u>\$ 1,175,587</u> | <u>\$ 825,232</u> | <u>\$ 1,228,020</u> | <u>\$ 900,528</u> |

c. Other gains and losses

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-----------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Gain (loss) on disposal of property, plant and equipment | \$ 29 | \$ (314) | \$ 17 | \$ 62,811 |
| Gain on disposal of non-current assets held for sale (Note 13) | - | - | - | 335,919 |
| Net foreign exchange losses (h) | (5,153) | (7,267) | (46,177) | (30,819) |
| Gain (loss) on financial assets mandatorily classified as at FVTPL | 5,548 | 17,315 | 170,065 | (39,567) |
| Gain on liquidation of associates (Note 16) | - | - | 3,245 | - |
| Gain on liquidation of subsidiary (Note 15) | - | - | - | 92,073 |
| Others | 3 | 2 | (2,864) | (2,715) |
| Less: Discontinued operations (Note 13) | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,468</u> |
| | <u>\$ 427</u> | <u>\$ 9,736</u> | <u>\$ 124,286</u> | <u>\$ 420,170</u> |

d. Finance costs

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------------------------------|--|------------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Interest on bank loans | \$ 31,440 | \$ 32,583 | \$ 96,128 | \$ 99,356 |
| Interest on lease liabilities | 9,143 | 8,791 | 28,240 | 26,578 |
| Less: Capitalized interest amount | <u>(1,015)</u> | <u>(1,195)</u> | <u>(3,063)</u> | <u>(3,637)</u> |
| | <u>\$ 39,568</u> | <u>\$ 40,179</u> | <u>\$ 121,305</u> | <u>\$ 122,297</u> |

Information about capitalized interest is as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------------------------|--|-------------|---|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Capitalized interest amount | \$ 1,015 | \$ 1,195 | \$ 3,063 | \$ 3,637 |
| Capitalization rate | 0.84%-1.29% | 1.43% | 0.84%-1.29% | 1.43% |

e. Depreciation and amortization

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-------------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Property, plant and equipment | \$ 95,142 | \$ 108,691 | \$ 287,345 | \$ 322,358 |
| Investment properties | 2,178 | 3,252 | 6,634 | 7,699 |
| Right-of-use assets | 33,744 | 31,993 | 102,111 | 95,269 |
| Other intangible assets | <u>648</u> | <u>682</u> | <u>1,990</u> | <u>1,801</u> |
| | <u>\$ 131,712</u> | <u>\$ 144,618</u> | <u>\$ 398,080</u> | <u>\$ 427,127</u> |
| An analysis of depreciation by function | | | | |
| Operating costs | \$ 102,771 | \$ 116,585 | \$ 310,682 | \$ 338,751 |
| Operating expenses | <u>28,293</u> | <u>27,351</u> | <u>85,408</u> | <u>86,575</u> |
| | <u>\$ 131,064</u> | <u>\$ 143,936</u> | <u>\$ 396,090</u> | <u>\$ 425,326</u> |
| An analysis of amortization by function | | | | |
| Operating expenses | <u>\$ 648</u> | <u>\$ 682</u> | <u>\$ 1,990</u> | <u>\$ 1,801</u> |

f. Employee benefits expense

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-------------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Short-term benefits | \$ 121,709 | \$ 94,273 | \$ 342,045 | \$ 303,407 |
| Post-employment benefits (Note 25) | | | | |
| Defined contribution plans | 3,414 | 2,735 | 10,087 | 8,207 |
| Defined benefit plans | 584 | 593 | 1,752 | 1,779 |
| Share-based payments | | | | |
| Equity-settled | - | - | 20,587 | - |
| Other employee benefits | <u>3,489</u> | <u>5,553</u> | <u>11,616</u> | <u>12,379</u> |
| | <u>\$ 129,196</u> | <u>\$ 103,154</u> | <u>\$ 386,087</u> | <u>\$ 325,772</u> |
| An analysis of employee benefits expense by function | | | | |
| Operating costs | \$ 43,461 | \$ 48,101 | \$ 140,553 | \$ 151,172 |
| Operating expenses | <u>85,735</u> | <u>55,053</u> | <u>245,534</u> | <u>174,600</u> |
| | <u>\$ 129,196</u> | <u>\$ 103,154</u> | <u>\$ 386,087</u> | <u>\$ 325,772</u> |

g. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues compensation of employees at rates of no less than 0.01% and no higher than 3%, and remuneration of directors at rates of no higher than 3% of net profit before income tax, compensation of employees and remuneration of directors.

The compensation of employees and remuneration of directors for the nine months ended September 30, 2021 and 2020, respectively, are as shown below:

Accrual rate

| | For the Nine Months Ended September 30 | |
|---------------------------|---|-------------|
| | 2021 | 2020 |
| Compensation of employees | 0.39% | 1.12% |
| Remuneration of directors | 0.98% | 0.30% |

Amount

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------|--|-----------------|---|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Compensation of employees | <u>\$ 2,384</u> | <u>\$ 6,684</u> | <u>\$ 2,384</u> | <u>\$ 6,736</u> |
| Remuneration of directors | <u>\$ 5,959</u> | <u>\$ 1,823</u> | <u>\$ 5,959</u> | <u>\$ 1,837</u> |

The appropriations of compensation of employees and remuneration of directors for 2020 and 2019 that were resolved by the board of directors on March 29, 2021 and March 25, 2020, respectively, are as shown below:

Amount

| | For the Year Ended December 31 | | | |
|---------------------------|---------------------------------------|---------------|-------------|---------------|
| | 2020 | | 2019 | |
| | Cash | Shares | Cash | Shares |
| Compensation of employees | \$ 7,200 | \$ - | \$ 15,625 | \$ - |
| Remuneration of directors | 18,000 | - | 4,261 | - |

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

h. Gains or losses on foreign currency exchange

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------|--|-------------------|---|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Foreign exchange gains | \$ 17,869 | \$ 21,838 | \$ 52,727 | \$ 54,692 |
| Foreign exchange losses | <u>(23,022)</u> | <u>(29,105)</u> | <u>(98,904)</u> | <u>(85,511)</u> |
| Net foreign exchange loss | <u>\$ (5,153)</u> | <u>\$ (7,267)</u> | <u>\$ (46,177)</u> | <u>\$ (30,819)</u> |

29. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-----------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Current tax | | | | |
| In respect of the current year | \$ 4,219 | \$ 3,054 | \$ 10,474 | \$ 91,501 |
| Income tax on | | | | |
| unappropriated earnings | 25,084 | - | 25,084 | 40,634 |
| Adjustments for prior years | - | - | 114 | (5,041) |
| Land Value Increment Tax | - | - | 16,911 | - |
| | <u>29,303</u> | <u>3,054</u> | <u>52,583</u> | <u>127,094</u> |
| Deferred tax | | | | |
| In respect of the current year | (1,624) | 6,366 | (3,400) | 77,609 |
| Land Value Increment Tax | - | (3,055) | (28,914) | (3,055) |
| | <u>(1,624)</u> | <u>3,311</u> | <u>(32,314)</u> | <u>74,554</u> |
| Income tax expense recognized in profit or loss | <u>\$ 27,679</u> | <u>\$ 6,365</u> | <u>\$ 20,269</u> | <u>\$ 201,648</u> |

b. Income tax recognized in other comprehensive income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-------------------|---|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| <u>Deferred tax</u> | | | | |
| In respect of the current year | | | | |
| Translation of foreign operations | <u>\$ 9,506</u> | <u>\$ (8,325)</u> | <u>\$ 70,899</u> | <u>\$ 23,989</u> |
| Total income tax recognized in other comprehensive income | <u>\$ 9,506</u> | <u>\$ (8,325)</u> | <u>\$ 70,899</u> | <u>\$ 23,989</u> |

c. Income tax assessments

- 1) The income tax returns through 2017 of the Company and the subsidiary, Chia Hsin Property Management & Development Corporation, have been assessed by the tax authorities. The income tax returns through 2019 of BlueSky. Co., Tong Yang Chia Hsin International Corporation, Chia Pei International Corporation, YJ International Corporation, Chia Sheng Construction Corp. and Jaho Life Plus+ Management Corp., Ltd. have been assessed by the tax authorities. Except for the foregoing, the Company and the abovementioned subsidiaries do not involve in material pending action in regard of taxation.
- 2) Other overseas entities in the Group do not involve in any material pending action in regard of taxation.

30. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|----------------------------------|--|----------------|---|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Basic earnings per share | | | | |
| From continuing operations | \$ 1.37 | \$ 0.93 | \$ 0.93 | \$ 0.82 |
| From discontinued operations | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total basic earnings per share | <u>\$ 1.37</u> | <u>\$ 0.93</u> | <u>\$ 0.93</u> | <u>\$ 0.82</u> |
| Diluted earnings per share | | | | |
| From continuing operations | \$ 1.37 | \$ 0.93 | \$ 0.93 | \$ 0.82 |
| From discontinued operations | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total diluted earnings per share | <u>\$ 1.37</u> | <u>\$ 0.93</u> | <u>\$ 0.93</u> | <u>\$ 0.82</u> |

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

Net Profit for the Year

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-------------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Profit for the year attributable to owners of the Company | \$ 886,623 | \$ 595,462 | \$ 597,030 | \$ 525,249 |
| Less: Profit for the year from discontinued operations used in the computation of basic earnings per share from discontinued operations | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,499</u> |
| Earnings used in the computation of basic earnings per share from continuing operations | 886,623 | 595,462 | 597,030 | 523,750 |
| Effect of potentially dilutive ordinary shares | | | | |
| Compensation of employees | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Earnings used in the computation of diluted earnings per share from continuing operations | <u>\$ 886,623</u> | <u>\$ 595,462</u> | <u>\$ 597,030</u> | <u>\$ 523,750</u> |

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|----------------|---|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 645,248 | 643,580 | 644,055 | 643,580 |
| Effect of potentially dilutive ordinary shares | | | | |
| Compensation of employees | <u>112</u> | <u>117</u> | <u>233</u> | <u>454</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>645,360</u> | <u>643,697</u> | <u>644,288</u> | <u>644,034</u> |

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are 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.

31. SHARE-BASED PAYMENT ARRANGEMENTS

Transaction of Treasury Shares Granted to Employees

In order to encourage the employees to achieve better work quality and improve the competitiveness of the Company, in the first and second quarter of 2021, the Group registered to transfer to its employees who met specific criteria a total of 769,000 and 2,231,000 shares; the shares were repurchased in 2018 under the first repurchase plan. The related information was as follows:

| | For the Nine Months Ended September 30, 2021 | | | |
|--|--|--|--|--|
| | May 7, 2021 | | January 19, 2021 | |
| Treasury Shares Granted to Employees | Number of Shares (In Thousands of Shares) | Weighted- average Exercise Price (\$) | Number of Shares (In Thousands of Shares) | Weighted- average Exercise Price (\$) |
| Balance at January 1 | - | | - | |
| Shares granted | 2,231 | \$ 13.7 | 769 | \$ 13.7 |
| Shares exercised | (2,231) | | (769) | |
| Shares expired | <u>-</u> | | <u>-</u> | |
| Balance at September 30 | <u>-</u> | | <u>-</u> | |
| Shares exercisable, end of the period | <u>-</u> | | <u>-</u> | |
| Weighted-average fair value of shares granted (\$) | <u>\$ 8.69</u> | | <u>\$ 1.56</u> | |

The Group used the Black-Scholes pricing model to value the treasury shares granted to its employees in 2021. Inputs used in the model were as follows:

| | May 7, 2021 | January 19, 2021 |
|-----------------------------|------------------------|-----------------------------|
| Exercise price (\$) | \$13.7 | \$13.7 |
| Fair value (\$) | \$8.69 | \$1.56 |
| Expected rate of volatility | 28.78% | 22.12% |
| Duration | 85 days | 39 days |
| Risk-free rate of interest | 0.12% | 0.17% |

For the three and nine months ended September 30, 2021, the Group recognized \$0 thousand and \$20,587 thousand of compensation costs, respectively.

32. GOVERNMENT GRANTS

- a. In order to finance the construction of Hotel COLLECTIVE in Okinawa and to respond the impact on operation due to Covid-19, the Group applied for a loan from Okinawa Development Finance Corporation. The loan facility was JPY10,500,000 thousand. The term of the loan lasts for 25 years, and the loan is to be repaid semi-annually in 42 installments, with the first installment commencing in the fourth year after the first drawdown date on December 20, 2017. The Group had drawn JPY10,500,000 thousand in total. The fair value of the borrowing was JPY8,873,333 thousand discounted at the market interest rate at the borrowing date. The difference of JPY1,626,667 thousand between the proceeds and the fair value of the loan is the benefit derived from the low-interest loan and has been recognized as deferred revenue. As of September 30, 2021, December 31, 2020, and September 30 2020, the amount of deferred revenue was JPY1,541,391 thousand, JPY1,582,228 thousand, and JPY1,565,627 thousand (equivalent to \$383,806 thousand, \$437,169 thousand and \$431,487 thousand), respectively. The deferred revenue will be reclassified to other revenue gradually along with the depreciation recognized over the estimated useful lives of buildings acquired. For the three months ended September 30, 2021 and 2020, and the nine months ended September 30, 2021 and 2020, the Group has recognized JPY13,612 thousand, JPY10,255 thousand, JPY40,836 thousand, and JPY34,184 thousand (equivalent to \$3,446 thousand, \$2,850 thousand, \$10,573 thousand and \$9,483 thousand) under other income, respectively.
- b. The Group received short-time compensation from Ministry of Health, Labor and Welfare in Japan. For the three and nine months ended September 30, 2021, the Group has recognized JPY28,868 thousand and JPY57,010 thousand (equivalent to \$7,392 thousand and \$14,760 thousand) under other income, respectively.
- c. In accordance with the Japanese government's emergency declaration, the Group received salaries grants for decreasing working hours. For the nine months ended September 30, 2021, the Group has recognized JPY5,880 thousand (equivalent \$1,522 thousand) under other income.

33. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On September 3, 2020, the Group repurchased its 30% of its interest in Shanghai Chia Peng Healthcare Management Consulting Co., Ltd from the unrelated party Suzhou Chung-hwa Chemical & Pharmaceutical industrial Co., Ltd. The Group's continuing interest increased from 70% to 100%.

The above transactions was accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

**Shanghai Chia
Peng
Healthcare
Management
Consulting Co.,
Ltd.**

| | |
|---|-------------------|
| Consideration paid | \$ 22,231 |
| The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests | <u>(19,858)</u> |
| Differences recognized from equity transactions | <u>\$ 2,373</u> |
| <u>Line items adjusted for equity transactions</u> | |
| Capital surplus - difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition | \$ (538) |
| Retained earnings | (1,746) |
| Non-controlling interests | <u>(89)</u> |
| | <u>\$ (2,373)</u> |

34. CASH FLOW INFORMATION

a. Non-cash transactions

For the nine months ended September 30, 2021 and 2020, the Group entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

- 1) As of September 30, 2021, December 31, 2020 and September 30, 2020, the payables for equipment - property, plant and equipment were \$1,787 thousand, \$1,041 thousand and \$3,216 thousand, respectively.
- 2) As of September 30, 2021, December 31, 2020 and September 30, 2020, the related consideration of acquisition of associates were \$0 thousand, \$50,000 thousand and \$0 thousand recognized under other payables, respectively.
- 3) As of September 30, 2021, December 31, 2020 and September 30, 2020, the dividends declared but not yet paid to owners of the Company were \$901,756 thousand, \$0 thousand and \$0 thousand, respectively.

b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2021

| | Opening Balance | Cash Flows | Non-cash Changes | | | | Closing Balance |
|-----------------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------|-------------------------|----------------------|
| | | | New Leases | Amortization of Interest Expense | Lease Modifications | Change in Exchange Rate | |
| Short-term borrowings | \$ 1,564,000 | \$ (1,181,233) | \$ - | \$ - | \$ - | \$ (297) | \$ 382,470 |
| Short-term bills payable | 136,773 | (57,000) | - | 214 | - | - | 79,987 |
| Long-term borrowings | 9,300,008 | (228,750) | - | 26,779 | - | (396,123) | 8,701,914 |
| Guarantee deposits received | 113,843 | 3,866 | - | - | - | (60) | 117,649 |
| Lease liabilities | <u>1,847,940</u> | <u>(79,436)</u> | <u>1,589</u> | <u>28,240</u> | <u>(2,679)</u> | <u>(6,211)</u> | <u>(28,240)</u> |
| | <u>\$ 12,962,564</u> | <u>\$ (1,542,553)</u> | <u>\$ 1,589</u> | <u>\$ 55,233</u> | <u>\$ (2,679)</u> | <u>\$ (402,691)</u> | <u>\$ 11,043,223</u> |

For the nine months ended September 30, 2020

| | Opening Balance | Cash Flows | Non-cash Changes | | | | Closing Balance |
|-----------------------------|----------------------|-------------------|------------------|----------------------------------|-------------------------|--------------------|----------------------|
| | | | New Leases | Amortization of Interest Expense | Change in Exchange Rate | Others | |
| Short-term borrowings | \$ 800,600 | \$ 795,450 | \$ - | \$ - | \$ (3,390) | \$ - | \$ 1,592,660 |
| Short-term bills payable | 269,758 | (248,020) | - | 242 | - | - | 21,980 |
| Long-term borrowings | 8,537,272 | (4,928) | - | 25,510 | (4,675) | - | 8,553,179 |
| Guarantee deposits received | 121,906 | (4,825) | - | - | (7) | - | 117,074 |
| Lease liabilities | <u>1,844,460</u> | <u>(68,591)</u> | <u>26,791</u> | <u>26,578</u> | <u>(1,132)</u> | <u>(26,578)</u> | <u>1,801,528</u> |
| | <u>\$ 11,573,996</u> | <u>\$ 469,086</u> | <u>\$ 26,791</u> | <u>\$ 52,330</u> | <u>\$ (9,204)</u> | <u>\$ (26,578)</u> | <u>\$ 12,086,421</u> |

35. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remained unchanged in recent years.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The management of the Group periodically reviews its capital structure. As part of the review, the management considers the cost of capital, financial ratios required by loans and related risks in determining the proper structure for its capital. At the management's suggestion, the Group balances its overall capital structure by obtaining financing facilities from financial institutions and adjusting the amount of dividends paid to the shareholders.

36. FINANCIAL INSTRUMENTS

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

The Group's management believes that the carrying amount of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximates their fair value or that the fair value of such assets and liabilities cannot be reliably measured.

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

1) Fair value hierarchy

September 30, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|---------------------|-------------------|-------------|---------------------|
| Financial assets at FVTPL | | | | |
| Listed shares in domestic market | \$ 1,088,393 | \$ - | \$ - | \$ 1,088,393 |
| Listed shares in foreign market | 54,682 | - | - | 54,682 |
| Mutual funds | <u>64,904</u> | <u>247,736</u> | <u>-</u> | <u>312,640</u> |
| | <u>\$ 1,207,979</u> | <u>\$ 247,736</u> | <u>\$ -</u> | <u>\$ 1,455,715</u> |

(Continued)

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|----------------------|----------------|-------------------|-------------------------------------|
| Financial assets at FVTOCI | | | | |
| Listed shares in domestic market | \$ 15,646,596 | \$ - | \$ - | \$ 15,646,596 |
| Unlisted shares - in domestic market | <u>-</u> | <u>-</u> | <u>386,236</u> | <u>386,236</u> |
| | <u>\$ 15,646,596</u> | <u>\$ -</u> | <u>\$ 386,236</u> | <u>\$ 16,032,832</u> (Concluded) |

December 31, 2020

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|-------------------|-------------------|----------------|---------------------|
| Financial assets at FVTPL | | | | |
| Listed shares in domestic market | \$ 922,018 | \$ - | \$ - | \$ 922,018 |
| Listed shares in foreign market | 64,909 | - | - | 64,909 |
| Mutual funds | <u>-</u> | <u>104,150</u> | <u>-</u> | <u>104,150</u> |
| | <u>\$ 986,927</u> | <u>\$ 104,150</u> | <u>\$ -</u> | <u>\$ 1,091,077</u> |

| | | | | |
|--------------------------------------|----------------------|-------------|-------------------|----------------------|
| Financial assets at FVTOCI | | | | |
| Listed shares in domestic market | \$ 13,295,500 | \$ - | \$ - | \$ 13,295,500 |
| Unlisted shares - in domestic market | <u>-</u> | <u>-</u> | <u>312,923</u> | <u>312,923</u> |
| | <u>\$ 13,295,500</u> | <u>\$ -</u> | <u>\$ 312,923</u> | <u>\$ 13,608,423</u> |

September 30, 2020

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|---------------------|-------------------|----------------|---------------------|
| Financial assets at FVTPL | | | | |
| Listed shares in domestic market | \$ 1,047,850 | \$ - | \$ - | \$ 1,047,850 |
| Listed shares in foreign market | 72,852 | - | - | 72,852 |
| Mutual funds | <u>65,454</u> | <u>274,152</u> | <u>-</u> | <u>339,606</u> |
| | <u>\$ 1,186,156</u> | <u>\$ 274,152</u> | <u>\$ -</u> | <u>\$ 1,460,308</u> |

| | | | | |
|--------------------------------------|----------------------|-------------|-------------------|----------------------|
| Financial assets at FVTOCI | | | | |
| Listed shares in domestic market | \$ 12,736,121 | \$ - | \$ - | \$ 12,736,121 |
| Unlisted shares - in domestic market | <u>-</u> | <u>-</u> | <u>288,799</u> | <u>288,799</u> |
| | <u>\$ 12,736,121</u> | <u>\$ -</u> | <u>\$ 288,799</u> | <u>\$ 13,024,920</u> |

There were no transfers between Levels 1 and 2 in the nine months ended September 30, 2021 and 2020.

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

For the nine months ended September 30, 2021

| Financial Assets | Financial Assets at FVTOCI Equity Instruments |
|--|--|
| Balance at January 1, 2021 | \$ 312,923 |
| Purchases | 90,000 |
| Recognized in other comprehensive income | <u>(16,687)</u> |
| Balance at September 30, 2021 | <u>\$ 386,236</u> |

For the nine months ended September 30, 2020

| Financial Assets | Financial Assets at FVTOCI Equity Instruments |
|--|--|
| Balance at January 1, 2020 | \$ 353,301 |
| Purchases | 10,000 |
| Recognized in other comprehensive income | <u>(74,502)</u> |
| Balance at September 30, 2020 | <u>\$ 288,799</u> |

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

The Group holds unlisted shares. The significant unobservable input in the measurement of such investments is liquidity discount. The fair value of unlisted shares is determined using market approach where the fair value of the shares of similar or peer companies is used as reference. As of September 30, 2021, December 31, 2020 and September 30, 2020, the ranges of liquidity discount used were all 20.00%-30.00%.

4) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair value of mutual funds is determined using the method and hypothesis described below:

The fair value is determined by the use of valuation techniques or the price quotations from various counterparties. The fair value measurement using valuation techniques uses as reference the published current fair value of instruments with similar terms and characteristics, or uses discounted cash flow method, or other valuation methods, including the use of a valuation model using market information available at the balance sheet date.

c. Categories of financial instruments

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-----------------------|----------------------|-----------------------|
| <u>Financial assets</u> | | | |
| Financial assets at FVTPL | | | |
| Mandatorily classified as at FVTPL | \$ 1,455,715 | \$ 1,091,077 | \$ 1,460,308 |
| Financial assets measured at amortized cost | | | |
| (1) | 6,805,049 | 7,810,650 | 5,977,146 |
| Financial assets at FVTOCI | | | |
| Equity instruments | 16,032,832 | 13,608,423 | 13,024,920 |
| <u>Financial liabilities</u> | | | |
| Financial liabilities at amortized cost (2) | | | |
| Contingent consideration of acquisition of associates (3) | 9,538,854 | 11,315,936 | 10,482,958 |
| | - | 50,000 | - |

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalent, notes receivable, trade receivables from unrelated parties and related parties, other receivables from unrelated parties (less tax refund receivables), other receivables from related parties, financial assets at amortized cost, and refundable deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes payable, trade payables from unrelated parties and related parties, and other payables (including related parties and excluding payable for salaries, bonus, tax payable, payable for insurance, payable for contingent consideration, and payable for dividends), current portion of long-term borrowings, long-term borrowings and guarantee deposits.
- 3) Refer to Note 16 for information on the contingent consideration of acquisition of associates.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity securities, trade receivables, financial assets at amortized cost, trade payables, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function reports regularly to the Group's management which monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group has foreign currency transactions, which exposes the Group to foreign currency risk. Exchange rate exposures are managed by the delegated team, which regularly monitors and properly adjusts the assets and liabilities affected by the exchange rate to manage foreign currency risk.

Since the Group's net investments in foreign operations are strategic investments, the Group does not seek to hedge against the currency risk.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 40.

Sensitivity analysis

The Group was mainly exposed to the EUR, USD, RMB and JPY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

| | USD Impact | | RMB Impact | |
|----------------|----------------------------------|-------------|----------------------------------|--------------|
| | For the Nine Months Ended | | For the Nine Months Ended | |
| | September 30 | | September 30 | |
| | 2021 | 2020 | 2021 | 2020 |
| Profit or loss | \$ 76,404 | \$72,382(i) | \$ 19,913 | \$21,541(ii) |

| | EUR Impact | | JPY Impact | |
|----------------|----------------------------------|--------------|----------------------------------|-------------|
| | For the Nine Months Ended | | For the Nine Months Ended | |
| | September 30 | | September 30 | |
| | 2021 | 2020 | 2021 | 2020 |
| Profit or loss | \$ 8,847 | \$8,466(iii) | \$ 30,174 | \$2,215(iv) |

- i. The result was mainly attributable to the exposure on outstanding cash and cash equivalents and other receivables in USD that were not hedged at the end of the year.
- ii. The result was mainly attributable to the exposure on outstanding cash and cash equivalents in RMB that were not hedged at the end of the year.
- iii. The result was mainly attributable to the exposure on outstanding cash and cash equivalents and other receivables in EUR that were not hedged at the end of the year.
- iv. The result was mainly attributable to the exposure on outstanding cash and cash equivalents in JPY that were not hedged at the end of the year.

The above results of the Group's tests of sensitivity to changes in foreign exchange rates during the current period were mainly due to the decrease in financial assets in RMB and increase in financial assets in USD and JPY. The results of Group's tests of sensitivity to changes in EUR are not materially different from those in the prior year.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

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

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-------------------------------|-------------------------------|------------------------------|-------------------------------|
| Fair value interest rate risk | | | |
| Financial assets | \$ 5,183,245 | \$ 6,026,450 | \$ 4,854,648 |
| Financial liabilities | 4,378,932 | 5,575,345 | 5,423,490 |
| Cash flow interest rate risk | | | |
| Financial assets | 1,193,607 | 1,380,280 | 747,310 |
| Financial liabilities | 6,546,642 | 7,273,376 | 6,545,857 |

Sensitivity analysis

The sensitivity analysis below is based on the Group's exposure to interest rates of derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2021 and 2020 would have lower/higher by \$10,037 thousand and \$10,872 thousand, respectively.

For the nine months ended September 30, 2021, the Group's sensitivity to interest rates decreased during the current period mainly due to the decrease in floating rate liabilities.

c) Other price risk

The Group is exposed to equity price risk through its investments in equity securities and mutual funds. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risk at the end of the year.

If equity prices (except for equity securities of Taiwan Cement Corporation) had been 1% higher/lower, the pre-tax profit or loss for the nine months ended September 30, 2021 would have increased/decreased by \$3,678 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the nine months ended September 30, 2021 would have increased/decreased by \$5,891 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices of Taiwan Cement Corporation had been 1% higher/lower, the pre-tax profit or loss for the nine months ended September 30, 2021 would have increased/decreased by \$10,879 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the nine months ended September 30, 2021 would have increased/decreased by \$154,438 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices (except for equity securities of Taiwan Cement Corporation) had been 1% higher/lower, the pre-tax profit or loss for the nine months ended September 30, 2020 would have increased/decreased by \$5,772 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the nine months ended September 30, 2020 would have increased/decreased by \$4,882 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity price of Taiwan Cement Corporation had been 1% higher/lower, the pre-tax profit or loss for the nine months ended September 30, 2020 would have increased/decreased by \$8,831 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the nine months ended September 30, 2020 would have increased/decreased by \$125,367 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

Except for equity securities of Taiwan Cement Corporation, the Group's sensitivity to equity price as a result of the changes in fair value of financial assets at FVTPL decreased due to the decrease in the amount of such equity securities; the Group's sensitivity to equity price as a result of the changes in fair value of financial assets at FVTOCI increased due to the increase in the amount of such equity securities.

The Group's sensitivity to equity price of Taiwan Cement Corporation increased due to the increase in the price of such financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the accounting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure of counterparties to discharge their obligations and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets and the amount that could arise as liabilities on financial guarantees provided by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group also delegates a special team to monitor the credit risk exposures and the credit amount of the counterparties and, therefore, does not expect any material credit risk.

The credit risk was mainly concentrated on the top 10 customers of the Group. As of September 30, 2021, December 31, 2020 and September 30, 2020, receivables from the top 10 customers accounted for 79%, 71% and 79%, respectively, of total receivables.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals, and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, as of the end of the accounting period, the Group reviews the recoverability of the receivables and provides proper allowance for assessed irrecoverable receivables. In view of the methods mentioned above, the management considered the Group's credit risk has materially declined.

Transactions with banks of high credit ratings given by international rating agencies are mostly free from credit risks.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes 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 repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

September 30, 2021

| | On Demand or Less than 1 Month | 1 - 3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|------------------------------------|---|---------------------|-------------------------------|---------------------|---------------------|
| Non-interest bearing liabilities | \$ 63,706 | \$ 1,100,512 | \$ 23,099 | \$ 35,473 | \$ 53,449 |
| Fixed interest rate liabilities | 315,500 | 64,486 | 64,456 | 528,169 | 2,011,170 |
| Lease liabilities | 17,304 | 28,893 | 77,589 | 478,182 | 1,399,951 |
| Variable interest rate liabilities | <u>153,990</u> | <u>241,447</u> | <u>283,200</u> | <u>5,551,368</u> | <u>523,894</u> |
| | <u>\$ 550,500</u> | <u>\$ 1,435,338</u> | <u>\$ 448,344</u> | <u>\$ 6,593,192</u> | <u>\$ 3,988,464</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| Lease liabilities | <u>\$ 123,786</u> | <u>\$ 478,182</u> | <u>\$ 444,155</u> | <u>\$ 387,771</u> | <u>\$ 330,941</u> | <u>\$ 237,084</u> |

December 31, 2020

| | On Demand or Less than 1 Month | 1 - 3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|------------------------------------|---|---------------------|-------------------------------|---------------------|---------------------|
| Non-interest bearing liabilities | \$ 151,216 | \$ 52,135 | \$ 17,730 | \$ 43,008 | \$ 51,066 |
| Fixed interest rate liabilities | 1,064,899 | 137,000 | 72,389 | 584,389 | 2,304,881 |
| Lease liabilities | 27,313 | 8,678 | 126,522 | 583,467 | 1,474,383 |
| Variable interest rate liabilities | <u>508,594</u> | <u>13,793</u> | <u>516,920</u> | <u>5,918,465</u> | <u>584,879</u> |
| | <u>\$ 1,752,022</u> | <u>\$ 211,606</u> | <u>\$ 733,561</u> | <u>\$ 7,129,329</u> | <u>\$ 4,415,209</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| Lease liabilities | <u>\$ 162,513</u> | <u>\$ 583,467</u> | <u>\$ 461,070</u> | <u>\$ 388,849</u> | <u>\$ 335,526</u> | <u>\$ 288,938</u> |

September 30, 2020

| | On Demand or Less than 1 Month | 1 - 3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|------------------------------------|---|---------------------|-------------------------------|---------------------|---------------------|
| Non-interest bearing liabilities | \$ 125,084 | \$ 63,867 | \$ 29,747 | \$ 44,710 | \$ 51,731 |
| Fixed interest rate liabilities | 1,220,476 | 22,230 | 1,036 | 480,984 | 1,954,877 |
| Lease liabilities | 26,207 | 10,795 | 108,751 | 520,687 | 1,502,405 |
| Variable interest rate liabilities | <u>380,630</u> | <u>240,900</u> | <u>340,475</u> | <u>5,730,521</u> | <u>90,384</u> |
| | <u>\$ 1,752,397</u> | <u>\$ 337,792</u> | <u>\$ 480,009</u> | <u>\$ 6,776,902</u> | <u>\$ 3,599,397</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| Lease liabilities | <u>\$ 145,753</u> | <u>\$ 520,687</u> | <u>\$ 462,954</u> | <u>\$ 398,333</u> | <u>\$ 339,593</u> | <u>\$ 301,525</u> |

b) Financing facilities

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-------------------------------|------------------------------|-------------------------------|
| Unsecured bank overdraft facilities, reviewed annually and payable on demand: | | | |
| Amount used | \$ 1,533,170 | \$ 2,814,090 | \$ 2,083,180 |
| Amount unused | <u>4,839,630</u> | <u>3,739,260</u> | <u>5,013,100</u> |
| | <u>\$ 6,372,800</u> | <u>\$ 6,553,350</u> | <u>\$ 7,096,280</u> |
| Secured bank overdraft facilities: | | | |
| Amount used | \$ 7,942,972 | \$ 8,561,436 | \$ 8,459,317 |
| Amount unused | <u>740,000</u> | <u>665,000</u> | <u>1,730,000</u> |
| | <u>\$ 8,682,972</u> | <u>\$ 9,226,436</u> | <u>\$ 10,189,317</u> |

37. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

| Related Party Name | Related Party Category |
|---|---|
| Taiwan Cement Corporation | The Company acts as a member of the board of directors (B.O.D.) |
| International Chia Hsin Corporation | Associates |
| Chia Hsin Construction & Development Corp. | Associates |
| Chia Hsin Winn Corp. | Substantive related parties |
| Sung Ju Investment Corp. | Substantive related parties |
| La Trinite Naturelle Corp. | Substantive related parties |
| LDC ROME HOTELS S.R.L. | Associates |
| Shanghai Chang Hsin Shipping Co., Ltd. (Note 1) | Associates |
| Taiwan Transport & Storage Corp. | The Company acts as a member of the B.O.D. of its ultimate parent company |
| FDC International Hotels Corporation (Note 2) | Associate |
| Chia Hsin Foundation | Substantive related parties |

Note 1: On May 17, 2021 the dissolution of Shanghai Chang Hsin Shipping Co., Ltd. has been completed.

Note 2: In December 2020, the Group acquired the shares of L'Hotel De Chine Corporation, the parent company of FDC International Hotels Corporation, and had significant influence over the group acquired. The group was therefore considered as associates.

b. Revenue

| Line Item | Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------------|---|---|-----------------|--|------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Rental revenue | Associates | \$ 734 | \$ 735 | \$ 6,474 | \$ 2,205 |
| | Substantive related parties | 1,911 | 126 | 5,734 | 378 |
| | The Company acts as a member of the B.O.D. of its ultimate parent company | 611 | 606 | 1,832 | 1,818 |
| | The Company acts as a member of the B.O.D. | - | 1,131 | - | 3,368 |
| | | <u>\$ 3,256</u> | <u>\$ 2,598</u> | <u>\$ 14,040</u> | <u>\$ 7,769</u> |
| Service revenue | The Company acts as a member of B.O.D. | <u>\$ 7,699</u> | <u>\$ 7,659</u> | <u>\$ 23,422</u> | <u>\$ 22,476</u> |

The Group leases out the office and factory buildings to related parties at market price. The lease agreements were negotiated by both sides. The rentals are collected monthly or quarterly.

The Group renders cement warehousing and storage service to related party. The agreement for the service was negotiated by both sides. The fee is collected monthly.

c. Cost of goods sold

| Line Item | Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--------------------|--|---|-------------------|--|-------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Purchases of goods | The Company acts as a member of B.O.D. Taiwan Cement Corporation | \$ 211,322 | \$ 139,300 | \$ 521,762 | \$ 344,270 |
| | Substantive related party | <u>111</u> | <u>-</u> | <u>380</u> | <u>-</u> |
| | | <u>\$ 211,433</u> | <u>\$ 139,300</u> | <u>\$ 522,142</u> | <u>\$ 344,270</u> |

The purchase prices and payment terms to related parties were not significantly different from those of purchase from third parties. The payment term is 60 days after the purchase of goods.

d. Receivables from related parties (excluding loans to related parties)

| Line Item | Related Party Category/Name | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---------------------------|--|--------------------|-------------------|--------------------|
| Trade receivables | Associates | | | |
| | FDC International Hotels Corporation | \$ - | \$ 1,336 | \$ - |
| | Others | 16 | 15 | 16 |
| | The Company acts as a member of the B.O.D. Taiwan Cement Corporation | 2,600 | 2,686 | 2,895 |
| | Substantive related parties | <u>4</u> | <u>4</u> | <u>5</u> |
| | | <u>\$ 2,620</u> | <u>\$ 4,041</u> | <u>\$ 2,916</u> |
| Other receivables | Associates | | | |
| - refund from liquidation | Chia Huan Tung Cement Corp. | \$ - | \$ - | \$ 861 |
| | Chia Hsin Construction & Development Corp. | 594 | 594 | - |
| - other | Other | <u>-</u> | <u>-</u> | <u>8,149</u> |
| | | <u>\$ 594</u> | <u>\$ 594</u> | <u>\$ 9,010</u> |

The outstanding trade and other receivables from related parties are unsecured. For the nine months ended September 30, 2021 and 2020, no impairment loss was recognized for trade receivables and other receivables from related parties.

Chia Huan Tung Cement Corp. was dissolved on June 14, 2020, and the refund receivable from the liquidation was classified as other receivables.

e. Payables to related parties (excluding loans from related parties)

| Line Item | Related Party Category/Name | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|----------------|--|--------------------|-------------------|--------------------|
| Trade payables | The Company acts as a member of B.O.D. | | | |
| | Taiwan Cement Corporation | \$ 164,557 | \$ 73,132 | \$ 83,580 |
| | Substantive related parties | <u>68</u> | <u>-</u> | <u>-</u> |
| | | <u>\$ 164,625</u> | <u>\$ 73,132</u> | <u>\$ 83,580</u> |
| Other payables | The Company acts as a member of the B.O.D. | | | |
| | Taiwan Cement Corporation | \$ - | \$ 89 | \$ - |
| | Substantive related parties | <u>247</u> | <u>-</u> | <u>-</u> |
| | | <u>\$ 247</u> | <u>\$ 89</u> | <u>\$ -</u> |

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

The Group is lessor under operating leases

The Group leases out the office buildings and factory buildings to its related parties under operating leases. The lease agreements were negotiated by both sides. The rentals were paid monthly or quarterly.

Future lease payment receivables are as follows:

| Related Party Category/Name | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|--------------------|-------------------|--------------------|
| Associates | \$ 1,184 | \$ 1,000 | \$ 1,184 |
| Substantive related parties | 132 | 528 | 132 |
| The Company acts as a member of B.O.D. of its ultimate parent company | 7,259 | 9,102 | 9,737 |
| The Company acts as a member of B.O.D. | <u>-</u> | <u>-</u> | <u>3,153</u> |
| | <u>\$ 8,575</u> | <u>\$ 10,630</u> | <u>\$ 14,206</u> |

g. Loans to related parties

| Line Item | Related Party Category/Name | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-----------------------------|--------------------|-------------------|--------------------|
| Other receivables | Associates | | | |
| | LDC ROME HOTELS S.R.L. | <u>\$ -</u> | <u>\$ 18,677</u> | <u>\$ 54,640</u> |
| Other receivables - interest receivable | Associates | | | |
| | LDC ROME HOTELS S.R.L. | <u>\$ -</u> | <u>\$ 164</u> | <u>\$ 344</u> |

The Group provided its associates with unsecured short-term loans at rates comparable to market interest rates.

As of December 31, 2020 and September 30, 2020, the abovementioned loans to related parties were not secured. The related party paid off the principal and interest in full on May 31, 2021.

For the three months ended September 30, 2021 and 2020, and the nine months ended September 30, 2021 and 2020, the interest revenue from the loans was \$0 thousand, \$210 thousand, \$112 thousand, and \$535 thousand, respectively.

h. Others

1)

| Line Item | Related Party Category/Name | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---------------------|---|---------------------------|--------------------------|---------------------------|
| Refundable deposits | Substantive related parties | \$ 168 | \$ 168 | \$ 168 |
| | Associates | 971 | 971 | 971 |
| | The Company acts as a member of B.O.D. of its ultimate parent company | 423 | 423 | 423 |
| | The Company acts as a member of B.O.D. | <u>-</u> | <u>880</u> | <u>880</u> |
| | | <u>\$ 1,562</u> | <u>\$ 2,442</u> | <u>\$ 2,442</u> |

| Line Item | Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-------------------|--|--|-------------------|---|-------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Dividends revenue | The Company acts as a member of B.O.D. | <u>\$ 1,091,779</u> | <u>\$ 772,028</u> | <u>\$ 1,091,779</u> | <u>\$ 772,028</u> |

2) The Company served as director of related parties, and the receipt of remuneration of directors recognized as other revenue were as follows:

| Line Item | Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|------------------|--|--|---------------|---|------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Other income | The Company acts as a member of B.O.D. | | | | |
| | Taiwan Cement Corporation | \$ 25,696 | \$ - | \$ 25,696 | \$ 24,543 |
| | Associates | <u>70</u> | <u>125</u> | <u>70</u> | <u>125</u> |
| | | <u>\$ 25,766</u> | <u>\$ 125</u> | <u>\$ 25,766</u> | <u>\$ 24,668</u> |

3)

| Line Item | Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-------------------------------------|------------------------------------|--|-------------|---|-------------|
| | | 2021 | 2020 | 2021 | 2020 |
| General and administrative expenses | Substantive related parties | <u>\$ 2,122</u> | <u>\$ -</u> | <u>\$ 6,506</u> | <u>\$ -</u> |

i. Endorsements and guarantees

Endorsements and guarantees provided by the Group

| | <u>September 30, 2021</u> | | <u>December 31, 2020</u> | | <u>September 30, 2020</u> | |
|---------------|---------------------------|------------------------|--------------------------|------------------------|---------------------------|------------------------|
| | <u>Amount Utilized</u> | <u>Amount Endorsed</u> | <u>Amount Utilized</u> | <u>Amount Endorsed</u> | <u>Amount Utilized</u> | <u>Amount Endorsed</u> |
| Associates | | | | | | |
| LDC ROME | | | | | | |
| HOTELS S.R.L. | <u>\$ 310,272</u> | <u>\$ 787,600</u> | <u>\$ 357,204</u> | <u>\$ 447,600</u> | <u>\$ 348,330</u> | <u>\$ 447,600</u> |

j. Compensation of key management personnel

| | <u>For the Three Months Ended September 30</u> | | <u>For the Nine Months Ended September 30</u> | |
|------------------------------|--|-----------------|---|------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Short-term employee benefits | \$ 5,944 | \$ 5,967 | \$ 17,954 | \$ 17,688 |
| Share-based payment | <u>-</u> | <u>-</u> | <u>3,816</u> | <u>-</u> |
| | <u>\$ 5,944</u> | <u>\$ 5,967</u> | <u>\$ 21,770</u> | <u>\$ 17,688</u> |

The remuneration of directors and key executives were determined by the remuneration committee based on the performance of individuals and with reference to market trends.

38. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The amounts of restricted assets of the Group that were provided as guarantees are as follows:

| | <u>September 30, 2021</u> | <u>December 31, 2020</u> | <u>September 30, 2020</u> |
|--|---------------------------|--------------------------|---------------------------|
| Financial assets at amortized cost - non-current | \$ 25,831 | \$ 25,794 | \$ 25,770 |
| Carrying amount of property, plant and equipment | <u>3,140,790</u> | <u>3,535,179</u> | <u>3,541,024</u> |
| Land | 941,307 | 1,044,511 | 1,041,864 |
| Buildings | 2,199,483 | 2,490,668 | 2,499,160 |
| Carrying amount of investment properties | <u>3,211,423</u> | <u>3,255,272</u> | <u>3,255,497</u> |
| Land - after revaluation | 3,169,737 | 3,210,331 | 3,209,290 |
| Buildings - after revaluation | <u>41,686</u> | <u>44,941</u> | <u>46,207</u> |
| | <u>\$ 6,378,044</u> | <u>\$ 6,816,245</u> | <u>\$ 6,822,291</u> |

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- a. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had bank guarantees for \$153,034 thousand issued under its name for the operations in the ports.

b. Unrecognized commitments were as follows:

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-----------------------------|-----------------------|----------------------|-----------------------|
| Property under construction | \$ 252,562 | \$ 279,838 | \$ 230,373 |
| Purchase intangible assets | <u>100</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 252,662</u> | <u>\$ 279,838</u> | <u>\$ 230,373</u> |

As of September 30, 2021, December 31, 2020 and September 30, 2020, the abovementioned unrecognized commitments also include contractual commitments signed by CHC Ryukyu Development GK for Tomigusuku development project in the amounts of \$218,943 thousand, \$211,257 thousand and \$230,373 thousand, respectively.

c. The East Wharf No. 15 in the Port of Taipei collapsed on January 21, 2019, then Port of Keelung, Taiwan International Ports Corporation Ltd. ("Ports Corporation") repaired the wharf which was completed on November 12, 2020. Ports Corporation claimed against Chia Hsin Cement Corporation compensation for the related repair expenses in the amount of \$116,791 thousand. According to the legal advice to the Company, the management expects an unfavorable outcome of the litigation to be less likely to occur.

40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies are as follows:

September 30, 2021

| <u>Financial assets</u> | Foreign Currency | Exchange Rate | Carrying Amount (In NTD) |
|---|---------------------|--------------------|--------------------------------|
| Monetary items | | | |
| USD | \$ 37,781 | 27.85 (USD:NTD) | \$ 1,052,191 |
| USD | 17,052 | 1.3584 (USD:SGD) | 474,900 |
| USD | 35 | 111.8474 (USD:JPY) | 987 |
| EUR | 5,474 | 32.32 (EUR:NTD) | 176,933 |
| JPY | 2,423,619 | 0.2490 (JPY:NTD) | 603,481 |
| HKD | 1,620 | 3.5768 (HKD:NTD) | 5,795 |
| HKD | 134 | 0.1284 (HKD:USD) | 480 |
| RMB | 92,743 | 0.2095 (RMB:SGD) | 398,261 |
| Non-monetary items | | | |
| Investments accounted for using the equity method | | | |
| EUR | 9,630 | 32.32 (EUR:NTD) | 311,257 |
| Financial assets at FVTPL | | | |
| USD | 11,226 | 27.85 (USD:NTD) | 312,640 |
| HKD | 15,288 | 3.5768 (HKD:NTD) | 54,682 |

December 31, 2020

| | Foreign Currency | Exchange Rate | Carrying Amount (In NTD) |
|---|-----------------------------|----------------------|---|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 50,142 | 28.48 (USD:NTD) | \$ 1,428,041 |
| USD | 17,046 | 1.3205 (USD:SGD) | 485,468 |
| USD | 157,277 | 103.0763 (USD:JPY) | 4,479 |
| HKD | 785 | 3.6730 (HKD:NTD) | 2,883 |
| HKD | 134 | 0.1290 (HKD:USD) | 494 |
| EUR | 5,493 | 35.02 (EUR:NTD) | 192,378 |
| JPY | 165,606 | 0.2763 (JPY:NTD) | 45,757 |
| RMB | 76,228 | 0.2024 (RMB:SGD) | 332,724 |
| Non-monetary items | | | |
| Investments accounted for using the equity method | | | |
| EUR | 10,489 | 35.02 (EUR:NTD) | 367,335 |
| RMB | 15,611 | 0.2024 (RMB:SGD) | 68,137 |
| Financial assets at FVTPL | | | |
| USD | 3,657 | 28.48 (USD:NTD) | 104,150 |
| HKD | 17,672 | 3.6730 (HKD:NTD) | 64,909 |

September 30, 2020

| | Foreign Currency | Exchange Rate | Carrying Amount (In NTD) |
|---|-----------------------------|----------------------|---|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 41,845 | 29.10 (USD:NTD) | \$ 1,217,687 |
| USD | 7,478 | 1.3652 (USD:SGD) | 217,596 |
| USD | 425 | 105.5878 (USD:JPY) | 12,355 |
| EUR | 4,958 | 34.15 (EUR:NTD) | 169,324 |
| JPY | 160,761 | 0.2756 (JPY:NTD) | 44,306 |
| HKD | 785 | 3.7550 (HKD:NTD) | 2,947 |
| HKD | 134 | 0.129039 (HKD:USD) | 505 |
| RMB | 100,822 | 0.200467 (RMB:SGD) | 430,817 |
| Non-monetary items | | | |
| Investments accounted for using the equity method | | | |
| EUR | 10,013 | 34.15 (EUR:NTD) | 341,951 |
| RMB | 45,833 | 0.200467 (RMB:SGD) | 195,846 |
| Financial assets at FVTPL | | | |
| USD | 11,670 | 29.10 (USD:NTD) | 339,606 |
| HKD | 19,401 | 3.7550 (HKD:NTD) | 72,852 |

For the three months ended September 30, 2021 and 2020 and nine months ended September 30, 2021 and 2020, realized and unrealized net foreign exchange losses were \$5,153 thousand, \$7,267 thousand, \$46,177 thousand and \$30,819 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of functional currencies of the entities in the Group.

41. OTHERS

a. Important contracts

The Group as lessee leased the East Wharf Nos. 13, 14 and 15 in the Port of Taipei from Taiwan International Ports Co., Ltd. and committed to construct East Wharf No. 16 and its related office, silos and transportation equipment. The leased land is 65,000 square meters and used in operation of the subsidiary, Chia Pei International Corporation, to load and unload coal, sand stone, bulk and others. The lease term is 35 years and 5 months from December 10, 2009, the date of transfer of the titles of related constructed equipment to Taiwan International Ports Co., Ltd. The annual minimum guaranteed volume for transportation is 1,200 thousand tons of coal and 5,950 thousand tons of sand stone. When the policy on the transporting of eastern sand to the north changes or the quantity of eastern sand transported to the north significantly decreases, the Group may renegotiate its minimum guaranteed volume for transporting eastern sand and gravel, or convert to equivalent minimum guaranteed volume for coal or other bulk and general cargo with approval from Taipei Harbor Bureau.

The Group has disputed with Taiwan International Ports Co., Ltd. on the reconsideration of converting the guaranteed transportation volume for eastern sand stone to that for coal or other bulk and general cargo and, in February 2014, filed a petition with the court in regards to the management fees for eastern sand stone in 2013. Taiwan Keelung District Court ruled in favor of the Group on December 22, 2014 and Taiwan International Ports Co., Ltd. filed an appeal against the court decision. After mediation of the dispute in Taiwan High Court Civil Appeal, both parties reached a settlement on December 27, 2016 and agreed that the Group's annual guaranteed transportation volume of sand and gravel can be replaced by the actual transportation of coal or other bulk cargoes during the year. (The annual replaceable limit shall be 4,050 thousand tons of guaranteed volume for transporting eastern sand and gravel to the north).

- b. In order to satisfy the demand for cement in the northern part of Taiwan, the Group leased from Taiwan International Ports Co., Ltd. the land measuring 5,900.35 square meters at the West Wharf No. 33 of the Port of Keelung. The Group committed to build silos, loading and unloading equipment at the Wharf No. 33 under the name of Keelung Harbor Bureau, Transportation Department of Taiwan government and the title of the property belongs to the Keelung Harbor Bureau, while the Group has the right to use the property free of charge within the lease term for operating the business of loading and unloading, transporting and storing cement. The lease term is 23 years and 9 months from October 7, 2000, the date of the transfer of the titles of related constructed equipment to Keelung Harbor Bureau. The minimum guaranteed transporting volume is 900,000 tons of cement per year and the management fees will be charged based on the minimum guaranteed volume of 900,000 tons regardless if the Group reached the volume or not. The rental is charged based on average rental rate in the port and 5% of the rental rate published by the Taiwanese government. The Group has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Group should pay the land use and administrative fees monthly, which will be adjusted according to the adjustment of loading fee in the port.

- c. In order to satisfy the demand for cement in Taichung and its surrounding area, the Group leased, from Taichung Harbor Bureau, Taiwan International Ports Corporation Ltd, the land, cement warehouses and facilities at Wharf No. 27, Port of Taichung through its subsidiary, Tong Yang Chia Hsin International Corporation to operate the business of loading and unloading, transporting and storing cement. The lease period started from December 1, 2014 to December 31, 2024 and the Group has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Group should pay the land use and administrative fees (based on actual loading amount at \$22.04 dollars per ton) monthly, which will be adjusted according to the adjustment of loading fee in the Port.
- d. In order to further establish the core development and transformation to the resort industry, the Group developed nearly 37 thousand square meters beach-side resorts at Toyosaki, Okinawa. On August 17, 2019, the Group and the Japan subsidiary of InterContinental Hotels Group (IHG), a large international hotel chain, signed a long-term management service contract for the management of InterContinental Okinawa Chura SUN Resort with the service period of 20 years from the completion of the resorts. It is expected to introduce the entrusted management of the resort from IHG.
- e. Affected by the global COVID-19 pandemic, various epidemic prevention procedures implemented successively by various counties have a slight impact on the Group's business. Although the domestic epidemic has slowed down and government policies have been loosened, the global economic outlook remains uncertain. The Group has adopted relevant actions to reduce the impact on the Group's operations. In addition to maintaining close contact with customers and manufacturers, it is also committed to strengthening employee health management. However, the actual extent of the impact on the Group will be determined on the subsequent development of the epidemic.

In terms of financing strategy, as of September 30, 2021, the unutilized bank financing line of the Group is NT\$5,579,630 thousand, and the Group has no concern about financing difficulties. As the epidemic slows down and policies loosen, the Group expects operations will return to normal gradually. The Group will continue to monitor the progress of the pandemic and adjust relevant tactics as needed. Based on the aforementioned assessment, the epidemic did not have a material impact on the impairment of assets or the continuing operations of the Group.

42. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and b. investees:
 - 1) Financing provided to others (Table 1)
 - 2) Endorsements/guarantees provided (Table 2)
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (None)
 - 10) Other: Business relationships and inter-company transactions between the parent company and the subsidiaries (Table 7)
 - 11) Information on investees (Table 6)
- c. Information on investments in mainland China
- 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, 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 (Table 8)
 - 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 (None):
 - 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, 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 year or on the financial position, such as the rendering or receipt of services
- d. 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 (Table 9)

43. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

Cement segment - sale.

Real estate segment - real estate trading and leasing.

Warehousing and storage segment - in charge of loading and unloading, warehousing and storage business in the port.

Hospitality and catering services segment - in charge of catering and room service in the hotel and the maternal and child care center.

Each of the abovementioned segment includes a number of direct operations, which were considered a separate operating segment by the chief operating decision maker (CODM). For the purposes of financial statement presentation, the individual operating segments of cement have been aggregated into a single operating segment, taking into account the following factors:

- a. These operating segments have similar long-term gross profit margins.
- b. The nature of the products and production processes are similar.
- c. The methods used to distribute the products to the customers are the same.

One operation (Jiangsu Union Cement Co., Ltd.) was discontinued in the previous period. The segment information reported on the following pages does not include any amounts for this discontinued operation, which is described in more detail in Note 13.

a. Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

| | Segment Revenue | | Segment Profit or Loss | |
|--|----------------------------------|---------------------|----------------------------------|-------------------|
| | For the Nine Months Ended | | For the Nine Months Ended | |
| | September 30 | | September 30 | |
| | 2021 | 2020 | 2021 | 2020 |
| Cement segment | \$ 820,371 | \$ 742,708 | \$ (25,097) | \$ (26,909) |
| Real estate segment | 185,360 | 190,151 | 86,443 | 94,939 |
| Warehousing and storage segment | 493,011 | 449,797 | 53,640 | 35,991 |
| Hospitality and catering services segment | 156,490 | 98,833 | (393,259) | (482,212) |
| Other segment | - | - | (16,868) | (21,329) |
| | <u>\$ 1,655,232</u> | <u>\$ 1,481,489</u> | | |
| Interest income | | | 41,105 | 67,239 |
| Other income | | | 1,228,020 | 900,528 |
| Other gains and losses | | | 124,286 | 420,170 |
| Finance costs | | | (121,305) | (122,297) |
| Share of profit or loss of associates and joint ventures accounted for using the equity method | | | (132,371) | 23,681 |
| General and administrative expenses and remuneration of director | | | <u>(144,230)</u> | <u>(96,107)</u> |
| Profit before income tax from continuing operation | | | <u>\$ 700,364</u> | <u>\$ 793,694</u> |

The abovementioned revenue was the transactions between entities in the Group and the third parties. All inter-segment transactions for the nine months ended September 30, 2021 and 2020 were eliminated through the consolidation.

Segment profit represents the profit before tax earned by each segment without allocation of general and administrative expenses and remuneration of directors, other income, other gains and losses, finance costs, share of profit or loss of associates and joint ventures accounted for using the equity method and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

The measure of assets and liabilities of the Group is not reported to the operating decision maker. Therefore, the information of segment assets and liabilities does not need to be disclosed.

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

| No. | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limit |
|-----|---------------------------------------|------------------------|--|---------------|--------------------------------|----------------|------------------------|-------------------|----------------------|-----------------------------|--|-------------------------------|------------|-------|-----------------------------------|---------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | Chia Hsin Cement Corporation (Note 1) | LDC ROME HOTELS S.R.L. | Other receivables from related parties | Yes | \$ 49,028 | \$ - | \$ - | 1.5 (Note 3) | Short-term financing | \$ - | The need for financing operating capital | \$ - | - | \$ - | \$ 3,908,384 | \$ 10,422,356 |

Note 1: The total amount of loans provided by the Company shall not exceed 40% of the net worth of the Company (lending company). The amount of loans provided by the Company to each company or registered firm shall not exceed 15% of the net worth of the Company (lending company).

Note 2: The highest balance for the period and ending balance presented above are listed in New Taiwan dollars (NTD). The highest balance denominated in foreign currency is translated using the prevailing exchange rate; and the ending balance is translated into NTD using the exchange rate as of September 30, 2021.

Note 3: Total interest is \$112 thousand in the period.

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

| No. (Note 1) | Endorser/Guarantor | Endorsee/Guarantee | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Amount Borrowed | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements | Aggregate Endorsement/ Guarantee Limit | 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 |
|-----------------|--|---|--------------------------|---|--|---|---------------------------|--|--|---|---|---|---|
| | | Name | Relationship (Note 5) | | | | | | | | | | |
| 0 | Chia Hsin Cement Corporation (Notes 2 and 6) | Chia Hsin Property Management & Development Corporation | b. | \$ 7,747,805 (Paid-in capital) | \$ 1,480,000 | \$ 680,000 | \$ - | \$ - | 2.61% | \$ 26,055,890 | Yes | No | No |
| | Chia Hsin Cement Corporation (Note 2) | LDC ROME HOTELS S.R.L. | f. | 7,747,805 (Paid-in capital) | 787,600 | 787,600 | 310,272 | - | 3.02% | 26,055,890 | No | No | No |
| | Chia Hsin Cement Corporation (Notes 2 and 6) | CHC Ryukyu Development GK | b. | 7,747,805 (Paid-in capital) | 607,860 | 547,800 | 131,970 | - | 2.10% | 26,055,890 | Yes | No | No |
| | Chia Hsin Cement Corporation (Notes 2 and 6) | CHC Ryukyu COLLECTIVE KK | b. | 7,747,805 (Paid-in capital) | 1,657,800 | 1,494,000 | 946,200 | - | 5.73% | 26,055,890 | Yes | No | No |
| 1 | Chia Hsin Property Management & Development Corporation (Notes 3 and 6) | Chia Hsin Cement Corporation | c. | 26,055,890 | 6,640,000 | 6,540,000 | 5,072,500 | 6,540,000 | 25.10% | 26,055,890 | No | Yes | No |
| 2 | Jaho Life Plus+ Management Corp., Ltd. (Note 4) | Gemcare Maternity Center | a. | 200,000 | 1,000 | 1,000 | 1,000 | 1,000 | - | 400,000 | No | No | No |
| | | Gemcare Dunhua Maternity Center | a. | 200,000 | 1,000 | 1,000 | 1,000 | 1,000 | - | 400,000 | No | No | No |

Note 1: a. The Company is coded "0."
b. The investees are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The amounts of guarantee to any individual entity shall not exceed the paid-in capital of the Company. The total amount of guarantees shall not exceed the net worth of the Company.

Note 3: The amount of guarantees from Chia Hsin Property Management & Development Corporation shall not exceed the net worth of the Company.

Note 4: The total amounts of guarantees from Jaho Life Plus+ Management Corp., Ltd. shall not exceed the paid-in capital of the company. The amounts of guarantee to any individual entity shall not exceed the half of paid-in capital of the company.

Note 5: The seven types of relationships between the endorser/guarantor and endorsee/guarantee indicated as numbers in the table above are as follows:

- Having a business relationship.
- The endorser/guarantor owns directly or indirectly more than 50% of the ordinary shares of the endorsee/guarantee.
- The endorsee/guarantee owns directly or indirectly more than 50% of the ordinary shares of the endorser/guarantor.
- The endorser/guarantor owns directly or indirectly more than 90% of the ordinary shares of the endorsee/guarantee.
- Mutually endorsed/guaranteed companies for the construction project based on the construction contract.
- Due to joint venture, each shareholder provides endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- Companies in the same industry that are liable for joint endorsements/guarantees of the preconstruction house contract under the consumer protection law.

Note 6: The listed amounts were eliminated upon consolidation.

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2021

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

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2021 | | | | Note |
|------------------------------|--|--|--|--------------------|-----------------|-----------------------------|------------|------|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Chia Hsin Cement Corporation | <u>Stock</u> Taiwan Cement Corporation | The Company acts as a member of the B.O.D. | Financial assets at FVTPL - current | 7,740,307 | \$ 394,756 | 0.12 | \$ 394,756 | |
| | Asia Cement Corporation | | Financial assets at FVTPL - current | 71 | 3 | - | 3 | |
| | China Chemical & Pharmaceutical Co., Ltd. | | Financial assets at FVTPL - current | 20,000 | 456 | 0.01 | 456 | |
| | <u>Foreign stock</u> Anhui Conch Cement Co., Ltd. | | Financial assets at FVTPL - current | 364,000 | 54,682 | 0.01 | 54,682 | |
| | <u>Foreign fund</u> GREENWOODS GOLDEN CHINA FUND - UNRESTRICTED CLASS A (0518) | | Financial assets at FVTPL - current | 3,340 | 40,026 | - | 40,026 | |
| | JPMorgan Funds - Russia | | Financial assets at FVTPL - current | 81,593 | 41,357 | - | 41,357 | |
| | JPMorgan Funds - ASEAN Fund | | Financial assets at FVTPL - current | 2,697 | 11,207 | - | 11,207 | |
| | JPMorgan Funds - Pacific Technology Fund | | Financial assets at FVTPL - current | 3,769 | 12,340 | - | 12,340 | |
| | THE PARTNERS FUND - CLASS N-N (SERIES 27) | | Financial assets at FVTPL - current | 2,453 | 90,707 | - | 90,707 | |
| | Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC-Class A ACC- (series 14) | | Financial assets at FVTPL - current | 1,420 | 52,383 | - | 52,383 | |
| | HAITONG FREEDOM MULTI-TRANCHE BOND FUND - P6M (SERIES 49) | Financial assets at FVTPL - current | 10,016 | 32,310 | - | 32,310 | | |
| | <u>Stock</u> Taiwan Cement Corporation | The Company acts as a member of the B.O.D. | Financial assets at FVTOCI - current | 25,400,783 | 1,295,439 | 0.40 | 1,295,439 | |
| | CHC Resources Corporation | | Financial assets at FVTOCI - current | 4,285,694 | 192,428 | 1.72 | 192,428 | |
| | Chien Kuo Construction Co., Ltd. | | Financial assets at FVTOCI - current | 771,256 | 10,412 | 0.30 | 10,412 | |
| | Taiwan Cement Corporation | The Company acts as a member of the B.O.D. | Financial assets at FVTOCI - non-current | 184,718,366 | 9,420,637 | 2.92 | 9,420,637 | |
| | B Current Impact Investment Fund 3 | | Financial assets at FVTOCI - non-current | 1,000,000 | 10,000 | 10.00 | 10,000 | |
| | Pan Asian (Engineers & Constructors) Corporation | | Financial assets at FVTOCI - non-current | 2,718,217 | 23,349 | 2.38 | 23,349 | |
| | Chia Hsin Ready-Mixed Concrete Corporation | | Financial assets at FVTOCI - non-current | 12,718,440 | 238,852 | 13.71 | 238,852 | |
| | Overseas Investment & Development Corp. | | Financial assets at FVTOCI - non-current | 2,000,000 | 16,920 | 2.22 | 16,920 | |
| | Smart Ageing Tech Co., Ltd. | | Financial assets at FVTOCI - non-current | 3,600,000 | 90,000 | 11.55 | 90,000 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2021 | | | | Note |
|---|--|--|--|--------------------|-----------------|-----------------------------|------------|---|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Tong Yang Chia Hsin International Corporation | Asia Pacific Gongshanglian Corporation Limited | | Financial assets at FVTOCI - non-current | 21,090 | \$ - | 0.03 | \$ - | Has been eliminated through consolidation |
| | Chia Hsin Livestock Corp. | | Financial assets at FVTOCI - non-current | 6,600,000 | - | 1.17 | - | |
| | Huatung Heping River Mining Industry Development Co., Ltd. | | Financial assets at FVTOCI - non-current | 9,350 | - | 1.87 | - | |
| | <u>Stock</u> Taiwan Cement Corporation | The Company acts as a member of the B.O.D. | Financial assets at FVTPL - current | 13,591,719 | 693,178 | 0.21 | 693,178 | |
| | <u>Foreign fund</u> HAITONG FREEDOM MULTI-TRANCHE BOND FUND - P6M (SERIES 49) | | Financial assets at FVTPL - current | 10,016 | 32,310 | - | 32,310 | |
| | <u>Stock</u> Taiwan Cement Corporation | The Company acts as a member of the B.O.D. | Financial assets at FVTOCI - current | 32,457,173 | 1,655,316 | 0.51 | 1,655,316 | |
| | Chia Hsin Cement Corporation | Parent company | Financial assets at FVTOCI - non-current | 127,370,320 | 2,706,619 | 16.44 | 2,706,619 | |
| | Taiwan Cement Corporation | The Company acts as a member of the B.O.D. | Financial assets at FVTOCI - non-current | 60,242,447 | 3,072,364 | 0.95 | 3,072,364 | |
| | IBT Second Venture Capital Co., Ltd. Kaohsiung Tug and Port Service Corp. | | Financial assets at FVTOCI - non-current | 725,493 | 4,476 | 2.30 | 4,476 | |
| | | Financial assets at FVTOCI - non-current | 350,000 | 2,639 | 0.88 | 2,639 | | |

Note: For the information about subsidiaries, associates and joint ventures, refer to Table 6 and Table 8.

(Concluded)

CHIA HSIN CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)**

| Buyer | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | Note |
|------------------------------|---------------------------|--|---------------------|------------|------------|-------------------------------|---|---|-------------------------------------|------------|------|
| | | | Purchase/Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | |
| Chia Hsin Cement Corporation | Taiwan Cement Corporation | The Company acts as a member of the B.O.D. | Purchases | \$ 521,762 | 72 | 60 days from the purchase day | NA (equal to the price for other clients) | NA (same as the term for other clients) | \$ (164,557) | (81) | |

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars)

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amount Received in Subsequent Period (Note 2) | Allowance for Impairment Loss |
|---|------------------------------------|----------------|---------------------------------|---------------|---------|---------------|---|-------------------------------|
| | | | | | Amount | Actions Taken | | |
| Chia Hsin Cement Corporation | Chia Pei International Corporation | Subsidiary | \$ 1,279,857 (Notes 1 and 3) | - | \$ - | - | \$ 14,361 | \$ - |
| Tong Yang Chia Hsin International Corporation | Chia Hsin Cement Corporation | Parent company | 177,804 (Notes 3) | - | - | - | 177,804 | - |

Note 1: The amount is finance lease receivable from the sublease of the wharf in the Port of Taipei.

Note 2: The amount received in subsequent period as of November 9, 2021.

Note 3: The transaction has been eliminated through consolidation.

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, or Otherwise Stated)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of September 30, 2021 | | | Net Income/(Loss) of the Investee | Share of Profit/(Loss) of Investee | Remark |
|---|---|---|--|----------------------------|-------------------|--------------------------|---------|-------------------|-----------------------------------|------------------------------------|---------------------------------|
| | | | | September 30, 2021 | December 31, 2020 | Number of Shares | % | Carrying Amount | | | |
| Chia Hsin Cement Corporation | Chia Hsin Construction & Development Corp. | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | Office buildings construction and lease and sale of public housings | \$ 656,292 | \$ 656,292 | 31,458,920 | 43.87 | \$ 1,874,771 | \$ 94,610 | \$ 41,505 | (Note 4) |
| | Tong Yang Chia Hsin International Corporation | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | General international trade | 1,600,159 | 1,600,159 | 257,073,050 | 87.18 | 5,937,332 | 647,307 | 564,322 | Subsidiary (Notes 3 and 5) |
| | Chia Hsin Property Management & Development Corporation | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | Wholesale and retail business of machinery; warehousing; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling | 1,000,000 | 1,000,000 | 100,000,000 | 100.00 | 3,921,222 | 96,291 | 96,291 | Subsidiary (Note 3) |
| | Chia Pei International Corporation | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | Mining; wholesale of building materials; nonmetallic mining; retail sale of building materials; international trade; rental and leasing business; retail sale of other machinery and equipment | 120,000 | 120,000 | 19,560,000 | 100.00 | 231,945 | 34,644 | 34,644 | Subsidiary (Note 3) |
| | BlueSky, Co., Ltd. | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | International trade; real estate trading; real estate leasing | 81,561 | 81,561 | 8,300,000 | 100.00 | 84,062 | 599 | 599 | Subsidiary (Note 3) |
| | Chia Hsin Pacific Limited | Cayman Islands | Holding company | 969,104 | 969,104 | 19,186,070 | 74.16 | 2,279,743 | 4,860 | 3,604 | Subsidiary (Note 3) |
| | YJ International Corporation | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | Real estate rental and leasing; real estate management; realtor agent | 2,280,000 | 2,280,000 | 228,000,000 | 100.00 | 925,981 | (355,090) | (355,090) | Subsidiary (Note 3) |
| | Jaho Life Plus+ Management Corp., Ltd. | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | Management consulting service | 400,000 | 400,000 | 40,000,000 | 100.00 | 190,721 | (33,532) | (33,532) | Subsidiary (Note 3) |
| | LDC ROME HOTELS S.R.L. | Rome, Italy | Hospitality industry | NTS 551,724 | NTS 551,724 | - | 40.00 | 311,257 | (72,118) | (28,847) | (Note 4) |
| | L'Hotel De Chine Corporation | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | Hotel and tourism | (EUR 17,070,667) | (EUR 17,070,667) | 67,998,915 | 23.10 | 1,024,852 | (603,455) | (139,398) | (Note 4) |
| International Chia Hsin Corporation | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | International trade; general investment | 69,341 | 69,341 | 5,800,000 | 19.33 | 110,538 | (12,858) | (2,486) | | |
| Chia Hsin Property Management & Development Corporation | Chia Sheng Construction Corp. | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | Wholesale and retail business of machinery; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling | 250,000 | 250,000 | 25,000,000 | 100.00 | 250,770 | 4,133 | 4,133 | Second-tier subsidiary (Note 3) |
| YJ International Corporation | CHC Ryukyu Development GK | 2 Chome-1-12 Matsuyama, Naha, Okinawa, Japan | Real estate rental and leasing; management consulting service | NTS 243,914 | NTS 243,914 | - | 100.00 | 141,984 | (2,775) | (2,775) | Second-tier subsidiary (Note 3) |
| | CHC Ryukyu COLLECTIVE KK | 2 Chome-1-12 Matsuyama, Naha, Okinawa, Japan | Hospitality industry | (JPY 979,575,335) | (JPY 979,575,335) | - | 100.00 | 717,080 | (349,523) | (349,523) | Second-tier subsidiary (Note 3) |
| Chia Hsin Pacific Limited | Yonica Pte Ltd. | Singapore | Investment and holding company | NTS 1,853,452 | NTS 1,853,452 | 104,908,690 | 100.00 | NTS 779,743 | NTS 30,099 | NTS 30,099 | Second-tier subsidiary (Note 3) |
| | Effervesce Investment Pte. Ltd. | Singapore | Investment and holding company | (US\$ 66,551,243) | (US\$ 66,551,243) | 53,274,892 | 100.00 | (US\$ 27,997,950) | (US\$ 1,072,391) | (US\$ 1,072,391) | Second-tier subsidiary (Note 3) |
| | Sparkview Pte. Ltd. | Singapore | Investment and holding company | NTS 865,541 | NTS 865,541 | 3,763,350 | 100.00 | NTS 1,368,995 | NTS (24,358) | NTS (24,358) | Second-tier subsidiary (Note 3) |
| Tong Yang Chia Hsin International Corporation | International Chia Hsin Corporation | No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City | International trade; general investment | (US\$ 31,078,656) | (US\$ 31,078,656) | 2,700,000 | 100.00 | (US\$ 49,156,004) | (US\$ -867,843) | (US\$ -867,843) | Second-tier subsidiary (Note 3) |
| | Tong Yang Chia Hsin Marine Corp. | Panama | Shipping service | NTS 79,994 | NTS 79,994 | 2,700 | 100.00 | NTS 172,154 | NTS 2,194 | NTS 2,194 | Second-tier subsidiary (Note 3) |
| | Chia Hsin Pacific Limited | Cayman Islands | Holding company | (US\$ 2,872,328) | (US\$ 2,872,328) | 6,257,179 | 24.18 | (US\$ 6,181,478) | (US\$ 78,176) | (US\$ 78,176) | Subsidiary (Note 3) |
| | | | | 36,642 | 36,642 | 6,052,636 | 20.18 | 128,811 | (12,858) | (2,595) | |
| | | | 75,195 | 75,195 | 2,700 | 100.00 | 442,184 | 3,544 | 3,544 | Second-tier subsidiary (Note 3) | |
| | | | (US\$ 2,700,000) | (US\$ 2,700,000) | | | | | | | |
| | | | 626,119 | 626,119 | | | 743,496 | 4,860 | 1,175 | Subsidiary (Note 3) | |

Note 1: For information on investments in mainland China, refer to Table 8.

Note 2: The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of September 30, 2021: US\$1=NT\$27.850, JPY1=NT\$0.2490, EUR1=NT\$32.32; net income items denominated in foreign currencies are translated using the average exchange rate for the nine months ended September 30, 2021: US\$1=NT\$28.067, JPY1=NT\$0.2589, EUR1=NT\$33.59.

Note 3: The investment has been eliminated through consolidation.

Note 4: Material associates.

Note 5: The carrying amount is deducted the treasury shares of parent company held by subsidiaries.

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

PARENT-SUBSIDIARY AND SUBSIDIARY - SUBSIDIARY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(Amounts in Thousands of New Taiwan Dollars)

| No. (Note 1) | Company | Counterparty | Relationship (Note 2) | Transaction Details | | | % of Total Sales or Assets (Note 3) | |
|-----------------|---|---|--|--|--------------------|---|---|--|
| | | | | Financial Statement Accounts | Amount (Note 5) | Payment Terms | | |
| 0 | Chia Hsin Cement Corporation | For the nine months ended September 30, 2021 | | | | | | |
| | | Chia Pei International Corporation | a. | Warehousing and storage service revenue | \$ 74,115 | The fee is billed monthly and paid quarterly with receipts issued in the same month when the fee is billed. | 4.48 | |
| | | Chia Pei International Corporation | a. | Interest of subletting revenue | 15,225 | | 0.92 | |
| | | Chia Pei International Corporation | a. | Finance lease receivables | 1,279,857 | | 3.08 | |
| | | Chia Pei International Corporation | a. | Trade receivables | 10,184 | | 0.02 | |
| | | CHC Ryukyu Development GK | a. | Endorsement or guarantee | 547,800 | | 1.32 | |
| | | CHC Ryukyu COLLECTIVE KK | a. | Endorsement or guarantee | 1,494,000 | | 3.60 | |
| | | Chia Hsin Property Management & Development Corporation | a. | Endorsement or guarantee | 680,000 | | 1.64 | |
| | | Chia Hsin Property Management & Development Corporation | a. | Investment accounted for using the equity method | 1,455,000 | Cash dividends | 3.51 | |
| | | Chia Hsin Property Management & Development Corporation | a. | Other receivables | 20,220 | Every May (Linked tax payments) | 0.05 | |
| | Tong Yang Chia Hsin International Corporation | a. | Investment accounted for using the equity method | 1,055,710 | Treasury shares | 2.54 | | |
| | Tong Yang Chia Hsin International Corporation | a. | Investment accounted for using the equity method | 565,561 | Cash dividends | 1.36 | | |
| 1 | Chia Pei International Corporation | Chia Hsin Cement Corporation | b. | Service revenue | 13,976 | Billed and paid quarterly | 0.84 | |
| 2 | Tong Yang Chia Hsin International Corporation | Chia Hsin Cement Corporation | b. | Service revenue | 52,216 | The fee is billed monthly and collected in the next month. | 3.15 | |
| | | | b. | Dividend receivables | 177,804 | Cash dividends | 0.43 | |
| 3 | Chia Hsin Property Management & Development Corporation | Chia Hsin Cement Corporation | b. | Endorsement or guarantee | 6,540,000 | | 15.75 | |
| 4 | Chia Hsin Business Consulting (Shanghai) Co., Ltd. | Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. | c. | Investment accounted for using the equity method | 51,531 | Cash injection | 0.12 | |
| 5 | Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. | Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd. | c. | Investment accounted for using the equity method | 60,120 | Cash injection | 0.14 | |
| | | Jiapeng Maternal and Child Care (Suzhou) Co., Ltd. | c. | Investment accounted for using the equity method | 17,177 | Cash injection | 0.04 | |

(Continued)

Transactions with amount above \$10 million are listed in this table.

Note 1: The Company and the subsidiaries listed on the table are coded according to the following rules:

- a. The Company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The three types of relationships are as follows:

- a. The parent company to the subsidiary.
- b. The subsidiary to the parent company.
- c. The subsidiary to the subsidiary.

Note 3: For the calculation of percentage, percentage for balance sheet items is calculated by dividing the year-end balance with consolidated assets. Percentage for income items is calculated by dividing the accumulated sum with total operating income for the year.

Note 4: The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of September 30, 2021: US\$1=NT\$27.850, JPY1=NT\$0.2490, RMB1=NT\$4.294258; net income items denominated in foreign currencies are translated using the average exchange rate for the nine months ended September 30, 2021: US\$1=NT\$28.067, JPY1=NT\$0.2589, RMB1=NT\$4.338020.

Note 5: The transaction has been eliminated through consolidation.

(Concluded)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars, or in Thousands of Foreign Currencies)

a. 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, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

| Investee Company | Main Businesses and Products | Paid-in Capital (Note 1 (a.)) | Method of Investment (Note 2) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 1 (a.)) | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021 (Note 1 (a.)) | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 1 (a.) and Note 9) | Carrying Amount as of September 30, 2021 (Note 1 (a.)) | Accumulated Repatriation of Investment Income as of September 30, 2021 | Note |
|---|---|----------------------------------|--|---|--------------------------|-------------------------|---|---|---|--|--|---|------------------------------|
| | | | | | Outward (Note 1 (a.)) | Inward (Note 1 (a.)) | | | | | | | |
| Shanghai Jia Huan Concrete Co., Ltd. | Processing, manufacturing and selling of cement, concrete and other related products. | \$ 235,611 (US\$ 8,460) | b. and d. | \$ 354,308 (US\$ 12,722) | \$ - (US\$ -) | \$ - (US\$ -) | \$ 354,308 (US\$ 12,722) | \$ 6,659 (US\$ 237) | 95.23 | \$ 6,659 (US\$ 237) | \$ 513,792 (US\$ 18,449) | \$ - (US\$ -) | (Note 1 (b.) (3) and Note 7) |
| Shanghai Chia Hsin Ganghui Co., Ltd. | Warehousing and packing bulk cement and formulating and delivering high-strength cement. | 292,425 (US\$ 10,500) | b. | 447,438 (US\$ 16,066) | - (US\$ -) | - (US\$ -) | 447,438 (US\$ 16,066) | 6,859 (US\$ 244) | 95.23 | 6,859 (US\$ 244) | 424,265 (US\$ 15,234) | - (US\$ -) | (Note 1 (b.) (3) and Note 7) |
| Shanghai Chang Hsin Shipping Co., Ltd. (Note 5) | Delivering cement. | - (US\$ -) | b. | 85,360 (US\$ 3,065) | - (US\$ -) | - (US\$ -) | 85,360 (US\$ 3,065) | (1,375) (US\$ -49) | - | (550) (US\$ -20) | - (US\$ -) | - (US\$ -) | (Note 1 (b.) (3) and Note 8) |
| Chia Hsin Business Consulting (Shanghai) Co., Ltd. | Consulting for developing information system for business and finance purpose. | 482,084 (US\$ 17,310) | b. | 737,941 (US\$ 26,497) | - (US\$ -) | - (US\$ -) | 737,941 (US\$ 26,497) | (41,345) (US\$ -1,473) | 95.23 | (40,861) (US\$ -1,456) | 502,659 (US\$ 18,049) | - (US\$ -) | (Note 1 (b.) (3) and Note 7) |
| Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. | Consulting for management of healthcare and hospitality business. | 249,067 (RMB 58,000) | f. Investor: Chia Hsin Business Consulting (Shanghai) Co., Ltd. | - (US\$ -) | - (US\$ -) | - (US\$ -) | - (US\$ -) | (42,605) (US\$ -1,518) | 95.23 | (42,605) (US\$ -1,518) | 150,712 (US\$ 5,412) | - (US\$ -) | (Note 1 (b.) (3) and Note 7) |
| Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd. | Providing healthcare service to mothers in pregnancy, parturition and postpartum period. | 180,359 (RMB 42,000) | f. Investor: Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. | - (US\$ -) | - (US\$ -) | - (US\$ -) | - (US\$ -) | (14,701) (US\$ -524) | 95.23 | (14,701) (US\$ -524) | 133,699 (US\$ 4,801) | - (US\$ -) | (Note 1 (b.) (3) and Note 7) |
| Jiapeng Maternal and Child Care (Suzhou) Co., Ltd. | Providing healthcare service to mothers in pregnancy, parturition and postpartum period. | 42,943 (RMB 10,000) | f. Investor: Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. | - (US\$ -) | - (US\$ -) | - (US\$ -) | - (US\$ -) | (25,176) (US\$ -897) | 95.23 | (25,176) (US\$ -897) | 10,177 (US\$ 365) | - (US\$ -) | (Note 1 (b.) (3) and Note 7) |
| Jiangsu Union Mining Industry Ltd. (Note 6) | Processing, manufacturing and delivering of limestone and other related products. | - (RMB -) | c. | 138,415 (US\$ 4,970) | - (US\$ -) | - (US\$ -) | 138,415 (US\$ 4,970) | - (US\$ -) | - | - (US\$ -) | - (US\$ -) | - (US\$ -) | |
| Jiangsu Jiaguo Construction Material Storage Co., Ltd. | Engaging in overland delivery of ordinary goods and the processing, manufacturing and selling of cement and other construction material | 367,620 (US\$ 13,200) | e. | 385,639 (US\$ 13,847) | - (US\$ -) | - (US\$ -) | 385,639 (US\$ 13,847) | 3,544 (US\$ 126) | 87.18 | 3,544 (US\$ 126) | 435,734 (US\$ 15,646) | - (US\$ -) | (Note 1 (b.) (3) and Note 7) |
| Jiangsu Jiaxin Property Limited Company | Developing and selling real estate and providing property management service | 85,885 (RMB 20,000) | f. Investor: Jiangsu Jiaguo Construction Material Storage Co., Ltd. | - (US\$ -) | - (US\$ -) | - (US\$ -) | - (US\$ -) | 376 (US\$ 13) | 87.18 | 376 (US\$ 13) | 93,064 (US\$ 3,342) | - (US\$ -) | (Note 1 (b.) (3) and Note 7) |

(Continued)

b. Limit on the amount of investments in the mainland China area:

| Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2021 | Investment Amount Authorized by the Investment Commission, MOEA | Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Notes 3 and 4) |
|---|---|--|
| \$ 6,396,254 (US\$ 229,668) | \$ 6,464,653 (US\$ 232,124) | \$ 16,188,062 |

c. Significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area: None.

Note 1: a. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of September 30, 2021: US\$1=NT\$27.850, RMB1=NT\$4.294258; net income items denominated in foreign currencies are translated using the average exchange rate for the nine months ended September 30, 2021: US\$1=NT\$28.067, RMB1=NT\$4.338020.

b. The basis for investment income (loss) recognition includes the following:

- 1) The investment income (loss) is recognized based on the financial statements reviewed and attested by an international accounting firm which has cooperative relationship with an accounting firm in the ROC.
- 2) The investment income (loss) is recognized based on the financial statements reviewed and attested by the parent company's CPA in the ROC.
- 3) Other.

Note 2: The method of investment includes the following:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Chia Hsin Pacific Limited, which then invest in Effervesce Investment Pte. Ltd., the company that invests in mainland China.
- c. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Chia Hsin Pacific Limited, which then invest in Yonica Pte. Ltd., the company that invests in mainland China.
- d. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Chia Hsin Pacific Limited, which then invest in Sparksvie Pte. Ltd., the company that invests in mainland China.
- e. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Tong Yang Chia Hsin Marine Corp., which then invests in mainland China.
- f. Other method.

Note 3: Calculated by the 60% of consolidated net worth of Chia Hsin Cement Corporation according to the letter NO. 09704604680 issued by Ministry of Economic Affairs.

Note 4: The Company conducted a stock-for-stock transaction with Taiwan Cement Corporation to get rid of the investment via TCC International Holdings Ltd in mainland China. The result of the stock-for-stock transaction will be a decrease in investment in mainland China. On May 17, 2018, the aforementioned write-off of the amount and the ratio of investment was approved by the Investment Commission, Ministry of Economic Affairs.

Note 5: On May 17, 2021 the dissolution of Shanghai Chang Hsin Shipping Co., Ltd. has been completed. On August 20, 2021, the write-off of the investment in China was approved by the Investment Commission, Ministry of Economic Affairs.

Note 6: On December 29, 2020, the dissolution of Jiangsu Union Mining Co., Ltd. has been completed. On January 25, 2021, the write-off of the investment in China was approved by the Investment Commission, Ministry of Economic Affairs.

Note 7: The transaction has been eliminated upon consolidation.

Note 8: The investment in associate accounted for using the equity method.

Note 9: Including the gains and losses recognized by using the equity method and the gains and losses on internal unrealized transactions.

(Concluded)

TABLE 9**CHIA HSIN CEMENT CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2021**

| Name of Major Shareholder | Shares | |
|---|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| Tong Yang Chia Hsin International Corporation | 127,370,320 | 16.43 |
| Sung Ju Investment Corp. | 68,780,239 | 8.87 |
| Yung-Ping Chang | 41,748,178 | 5.38 |

Note: The information of major shareholders comes from the summary of shareholders holding more than 5% of total ordinary and special shares registered as dematerialized security (including treasury shares) in the centralized securities depository enterprise as of the last business day of the reporting period. Based on different calculation method, the number of share recorded in the consolidated financial statements could be different from that registered as dematerialized security.