

# **Chia Hsin Cement Corporation**

**Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Chia Hsin Cement Corporation

### Opinion

We have audited the accompanying financial statements of Chia Hsin Cement Corporation (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's financial statements for the year ended December 31, 2021 are stated as follows:

#### Key Audit Matter 1: Sales of Cement to the Main Clients

The operating revenue of the Company mainly comes from the sales of cement. For the year ended December 31, 2021, the amount of revenue from the sales of cement was \$1,062,850 thousand, which accounted for 85% of the total operating revenue. Due to the concentration of sales to target clients in the Company' cement business and the materiality of the transactions, we considered the transactions with such clients as key audit matter.

For the relevant explanation of accounting policies and notes to the financial statements, refer to Notes 4 and 25.

Our key audit procedures performed in respect of the above area included the following:

1. We understood the design and implementation of internal controls over the sales of cement and tested the effectiveness of the relevant controls over sales transactions; we designed the audit procedures responsive to the risks identified.
2. We obtained the list of sales order from main clients and inspected the supporting documents, such as registration card for sale of cement and bills of lading, and verified the existence of the sales.
3. We analyzed the changes in the revenue, gross margin rate, turnover rate of accounts receivable, and credit conditions from prior year to the current year.
4. We verified the occurrence of the sales by obtaining confirmation letters from the main clients; we performed alternative audit procedures for unreplied letters.

#### Key Audit Matter 2: Impairment of Investment in Subsidiaries Accounted for Using the Equity Method

As of December 31, 2021, the net carrying amount of property, plant and equipment of CHC Ryukyu COLLECTIVE KK was NT\$4,181,457 thousand, which was material to the financial statements. Due to the impact of the COVID-19 on the overall economic trend of the industry, the actual operating performance was lower than expected, which in turn affected the management's assessment of impairment of property, plant, and equipment. Since the information used in the assessment was subject to management's judgment and involved a high level of uncertainty, it will affect the Company's recognition of the share of investment accounted for using the equity method; therefore, we identified the impairment of property, plant and equipment of the investment in subsidiaries accounted for using the equity method as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

We obtained from the management an impairment assessment report issued by an external expert, and we performed the following key audit procedures in connection with the above major transactions:

1. We obtained an understanding of the management's basis of assumptions and sources of relevant data and description used to estimate the value in use of the assets, and we assessed the reasonableness of management's adoption of such assumptions and data.
2. We assessed the appropriateness of the discount rates used by the external specialists in their valuation report.
3. We recalculated the value in use of the assets and verified that the calculation in the valuation report was accurate.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Chiang Hsun Chen      Keng Hsi Chang

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 22, 2022

Notice to Readers

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

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

# CHIA HSIN CEMENT CORPORATION

## BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,039,240	3	\$ 593,591	2
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	702,571	2	471,782	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	1,424,469	5	1,311,043	4
Financial assets at amortized cost - current (Notes 4 and 13)	887,458	3	1,177,666	4
Notes receivable from unrelated parties (Notes 4, 9 and 25)	136,134	1	145,545	1
Trade receivables from unrelated parties(Notes 4, 9 and 25)	20,536	-	33,999	-
Trade receivables from related parties (Notes 4, 25 and 33)	16,795	-	11,880	-
Finance lease receivables - current (Notes 4, 11 and 33)	58,825	-	44,236	-
Other receivables from unrelated parties(Notes 4 and 10)	585	-	2,543	-
Other receivables from related parties (Notes 4 and 33)	43,974	-	66,034	-
Current tax assets	395	-	1,045	-
Inventories (Notes 4 and 12)	47,024	-	52,848	-
Prepayments (Note 19)	45,472	-	3,202	-
Total current assets	4,423,478	14	3,915,414	12
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 32)	9,253,483	28	8,284,734	25
Financial assets at amortized cost - non-current (Notes 4, 13 and 34)	9,476	-	9,476	-
Investments accounted for using the equity method (Notes 4, 14 and 33)	16,602,015	50	18,259,550	55
Property, plant and equipment (Notes 4, 5 and 15)	724,113	2	820,507	3
Right-of-use assets (Notes 4 and 16)	10,289	-	13,205	-
Investment properties (Notes 4 and 17)	266,420	1	267,656	1
Intangible assets (Notes 4 and 18)	169	-	-	-
Deferred tax assets (Notes 4 and 27)	242,361	1	132,252	-
Refundable deposits (Notes 4 and 19)	7,006	-	7,006	-
Finance lease receivables - non-current (Notes 4, 11 and 33)	1,226,741	4	1,267,206	4
Other non-current assets (Note 19)	1,859	-	2,010	-
Total non-current assets	28,343,932	86	29,063,602	88
<b>TOTAL</b>	<b>\$ 32,767,410</b>	<b>100</b>	<b>\$ 32,979,016</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4, 20 and 33)	\$ 804,000	3	\$ 1,419,000	4
Short-term bills payable (Notes 4 and 20)	134,842	1	136,773	1
Contract liabilities (Notes 4 and 25)	12,278	-	4,924	-
Notes payable to unrelated parties (Note 21)	3,351	-	3,011	-
Trade payables to unrelated parties (Note 21)	91,987	-	49,638	-
Trade payables to related parties (Note 33)	129,596	-	79,615	-
Other payables to unrelated parties (Note 22)	49,643	-	120,052	-
Other payables to related parties (Note 33)	20,899	-	19,580	-
Current tax liabilities (Notes 4 and 27)	25,084	-	40,634	-
Lease liabilities - current (Notes 4 and 16)	63,370	-	48,189	-
Current portion of long-term borrowings (Notes 4, 20 and 33)	577,500	2	457,500	2
Guarantee deposits - current	2,660	-	380	-
Total current liabilities	1,915,210	6	2,379,296	7
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 4, 20 and 33)	4,266,250	13	4,843,750	15
Deferred tax liabilities (Notes 4 and 27)	296,290	1	256,746	1
Lease liabilities - non-current (Notes 4 and 16)	1,232,677	4	1,276,621	4
Net defined benefit liabilities - non-current (Notes 4 and 23)	10,528	-	16,266	-
Guarantee deposits - non-current	21,087	-	24,190	-
Total non-current liabilities	5,826,832	18	6,417,573	20
Total liabilities	7,742,042	24	8,796,869	27
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>				
Share capital				
Ordinary shares	7,747,805	24	7,747,805	23
Capital surplus	1,139,296	3	960,402	3
Retained earnings				
Legal reserve	2,503,173	7	2,319,663	7
Special reserve	2,257,996	7	2,275,704	7
Unappropriated earnings	6,475,930	20	7,058,382	21
Total retained earnings	11,237,099	34	11,653,749	35
Other equity	5,979,118	18	4,939,214	15
Treasury shares	(1,077,950)	(3)	(1,119,023)	(3)
Total equity attributable to owners of the Company	25,025,368	76	24,182,147	73
Total equity	25,025,368	76	24,182,147	73
<b>TOTAL</b>	<b>\$ 32,767,410</b>	<b>100</b>	<b>\$ 32,979,016</b>	<b>100</b>

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

# CHIA HSIN CEMENT CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)				
Sales	\$ 1,062,850	85	\$ 1,002,463	85
Rental revenue	4,695	-	4,578	-
Service revenue	22,174	2	23,519	2
Other operating revenue	<u>159,212</u>	<u>13</u>	<u>156,315</u>	<u>13</u>
Total operating revenue	<u>1,248,931</u>	<u>100</u>	<u>1,186,875</u>	<u>100</u>
OPERATING COSTS (Notes 12, 26 and 33)				
Cost of goods sold	(1,073,360)	(86)	(1,016,459)	(86)
Rental costs	(1,684)	-	(1,761)	-
Service costs	(20,180)	(2)	(21,902)	(2)
Other operating costs	<u>(138,140)</u>	<u>(11)</u>	<u>(167,429)</u>	<u>(14)</u>
Total operating costs	<u>(1,233,364)</u>	<u>(99)</u>	<u>(1,207,551)</u>	<u>(102)</u>
GROSS PROFIT (LOSS)	<u>15,567</u>	<u>1</u>	<u>(20,676)</u>	<u>(2)</u>
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(72)	-	(14)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	<u>895</u>	<u>-</u>	<u>895</u>	<u>-</u>
REALIZED GROSS PROFIT (LOSS)	<u>16,390</u>	<u>1</u>	<u>(19,795)</u>	<u>(2)</u>
OPERATING EXPENSES (Notes 26 and 33)				
Selling and marketing expenses	(11,753)	(1)	(12,760)	(1)
General and administrative expenses	(226,728)	(18)	(204,895)	(17)
Expected credit gain (Note 9)	<u>231</u>	<u>-</u>	<u>150</u>	<u>-</u>
Total operating expenses	<u>(238,250)</u>	<u>(19)</u>	<u>(217,505)</u>	<u>(18)</u>
LOSS FROM OPERATIONS	<u>(221,860)</u>	<u>(18)</u>	<u>(237,300)</u>	<u>(20)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 26 and 33)	23,187	2	43,532	4
Other income (Notes 4, 26 and 33)	785,507	63	567,593	48
Other gains and losses (Notes 4, 26 and 33)	(88,705)	(7)	(79,255)	(7)

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# CHIA HSIN CEMENT CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Finance costs (Notes 4 and 26)	\$ (89,277)	(7)	\$ (93,356)	(8)
Share of profit or loss of subsidiary, associates and joint ventures (Note 4)	<u>265,777</u>	<u>21</u>	<u>1,618,271</u>	<u>136</u>
Total non-operating income and expenses	<u>896,489</u>	<u>72</u>	<u>2,056,785</u>	<u>173</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	674,629	54	1,819,485	153
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(16,781)</u>	<u>(1)</u>	<u>(55,119)</u>	<u>(4)</u>
NET PROFIT FROM CONTINUING OPERATIONS	<u>657,848</u>	<u>53</u>	<u>1,764,366</u>	<u>149</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	5,730	-	1,571	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	992,174	79	271,582	23
Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	444,219	36	75,416	6
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(1,146)</u>	<u>-</u>	<u>(314)</u>	<u>-</u>
	<u>1,440,977</u>	<u>115</u>	<u>348,255</u>	<u>29</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(306,820)	(25)	(63,048)	(5)
Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(188,194)	(15)	(13,395)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>99,003</u>	<u>8</u>	<u>15,289</u>	<u>1</u>
	<u>(396,011)</u>	<u>(32)</u>	<u>(61,154)</u>	<u>(5)</u>
Other comprehensive income for the year, net of income tax	<u>1,044,966</u>	<u>83</u>	<u>287,101</u>	<u>24</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,702,814</u>	<u>136</u>	<u>\$ 2,051,467</u>	<u>173</u>

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# CHIA HSIN CEMENT CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (Note 28)				
From continuing operations				
Basic	<u>\$ 1.02</u>		<u>\$ 2.74</u>	
Diluted	<u>\$ 1.02</u>		<u>\$ 2.74</u>	

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

(Concluded)

**CHIA HSIN CEMENT CORPORATION**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	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
Appropriation of 2019 earnings (Note 24)									
Legal reserve	-	-	176,052	-	(176,052)	-	-	-	-
Cash dividends	-	-	-	-	(771,781)	-	-	-	(771,781)
Reverse of special reserve	-	-	-	(70,347)	70,347	-	-	-	-
Total comprehensive income for the year ended December 31, 2020									
Net profit for the year ended December 31, 2020	-	-	-	-	1,764,366	-	-	-	1,764,366
Other comprehensive income (loss) for the year ended December 31, 2020 (Note 24)	-	-	-	-	2,155	(61,154)	346,100	-	287,101
	-	-	-	-	1,766,521	(61,154)	346,100	-	2,051,467
Buy-back of ordinary shares (Note 24)	-	-	-	-	-	-	-	(22,240)	(22,240)
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 24)	-	111,248	-	-	-	-	-	-	111,248
Changes in percentage of ownership interests in subsidiaries (Note 24)	-	(538)	-	-	(1,766)	-	-	-	(2,304)
Unclaimed dividends extinguished by prescription (Note 24)	-	2,315	-	-	-	-	-	-	2,315
BALANCE, DECEMBER 31, 2020	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
Appropriation of 2020 earnings (Note 24)									
Legal reserve	-	-	183,510	-	(183,510)	-	-	-	-
Cash dividends	-	-	-	-	(1,079,560)	-	-	-	(1,079,560)
Reverse of special reserve	-	-	-	(17,708)	17,708	-	-	-	-
Changes in equity of associates accounted for using the equity method (Note 24)	-	8,406	-	-	-	-	-	-	8,406
Total comprehensive income for the year ended December 31, 2021									
Net profit for the year ended December 31, 2021	-	-	-	-	657,848	-	-	-	657,848
Other comprehensive income (loss) for the year ended December 31, 2021 (Note 24)	-	-	-	-	5,062	(396,011)	1,435,915	-	1,044,966
	-	-	-	-	662,910	(396,011)	1,435,915	-	1,702,814
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 24)	-	155,010	-	-	-	-	-	-	155,010
Share-based payment (Notes 24 and 29)	-	15,428	-	-	-	-	-	-	15,428
Reissuance of treasury shares (Note 24)	-	(96)	-	-	-	-	-	41,073	40,977
Unclaimed dividends extinguished by prescription (Note 24)	-	146	-	-	-	-	-	-	146
BALANCE, DECEMBER 31, 2021	\$ 7,747,805	\$ 1,139,296	\$ 2,503,173	\$ 2,257,996	\$ 6,475,930	\$ (800,236)	\$ 6,779,354	\$ (1,077,950)	\$ 25,025,368

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

# CHIA HSIN CEMENT CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 674,629	\$ 1,819,485
Adjustments for:		
Depreciation expense	109,860	144,956
Amortization expense	15	-
Expected credit gain	(231)	(150)
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(36,661)	11,939
Finance costs	89,277	93,356
Interest income	(23,187)	(43,532)
Dividend income	(747,616)	(530,595)
Compensation costs arising from share-based payment	15,428	-
Share of profit of subsidiaries, associates and joint ventures	(265,777)	(1,618,271)
Gain on disposal of property, plant and equipment	(29)	-
Gain on modification of lease	-	(27)
Loss on liquidation of associates accounted for using the equity method	-	620
Write-down of inventories	-	2,531
Unrealized gain on transactions with subsidiaries, associates and joint ventures	72	14
Realized gain on transactions with subsidiaries, associates and joint ventures	(895)	(895)
Net loss on foreign currency exchange	106,243	48,192
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	(194,128)	300,446
Notes receivable from unrelated parties	9,506	17,329
Trade receivables from unrelated parties	13,599	(2,390)
Trade receivables from related parties	(4,915)	(6,097)
Other receivables from unrelated parties	11	29
Other receivables from related parties	57	610
Inventories	5,824	(17,744)
Prepayments	(42,270)	(24)
Contract liabilities	7,354	(72)
Notes payable to unrelated parties	340	105
Trade payables to unrelated parties	42,349	(42,693)
Trade payables to related parties	49,981	(10,709)
Other payables to unrelated parties	(19,553)	(8,828)
Other payables to related parties	1,319	(7,114)
Net defined benefit liabilities	(8)	1
Cash (used in) generated from operations	(209,406)	150,472
Interest paid	(90,064)	(92,729)
Income tax paid	(2,961)	(5,160)
Net cash (used in) generated from operating activities	(302,431)	52,583

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# CHIA HSIN CEMENT CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (90,000)	\$ (10,000)
Purchase of financial assets at amortized cost	-	(337,034)
Proceeds from sale of financial assets at amortized cost	290,208	-
Acquisition of investments accounted for using the equity method	(50,000)	(1,244,460)
Cash returns from liquidation of investees accounted for using the equity method	-	25,071
Payments for property, plant and equipment	(7,725)	(210)
Proceeds from disposal of property, plant and equipment	29	-
Decrease in refundable deposits paid	-	130
Decrease in other receivables from related parties	20,575	97,788
Payments for intangible assets	(184)	-
Decrease in finance lease receivables	41,039	34,141
Decrease (increase) in other non-current assets	151	(81)
Interest received	25,134	45,565
Dividends received from subsidiaries, associates and joint ventures	2,036,756	791,892
Other dividends received	<u>747,616</u>	<u>530,595</u>
Net cash generated from (used in) investing activities	<u>3,013,599</u>	<u>(66,603)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayments of) proceeds from short-term borrowings	(615,000)	879,000
Repayment of short-term bills payable	(2,000)	(133,000)
(Repayments of) proceeds of long-term loans	(457,500)	376,322
Refund of guarantee deposits received	(823)	(822)
Repayment of the principal portion of lease liabilities	(45,515)	(38,813)
Payments for buy-back of ordinary shares	-	(22,240)
Proceeds from reissuance of treasury shares	40,977	-
Cash dividends paid	(1,079,560)	(771,781)
Return of unclaimed dividends extinguished by prescription	<u>146</u>	<u>1,895</u>
Net cash (used in) generated from financing activities	<u>(2,159,275)</u>	<u>290,561</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(106,244)</u>	<u>(46,263)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	445,649	230,278
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>593,591</u>	<u>363,313</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 1,039,240</u>	<u>\$ 593,591</u>

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

(Concluded)

# CHIA HSIN CEMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Chia Hsin Cement Corporation (the “Company”) 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 December 31, 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.

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 22, 2022.

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

Note 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 financial statements were authorized for issue, the Company has assessed that the abovementioned application of other standards and interpretations did not have a material impact on the Company’s financial position and financial performance.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's 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 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

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit 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.

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

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

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

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

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



e. Inventories

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

f. Investments in subsidiaries

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

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

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

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

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

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

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

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

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

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

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

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

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate of parties that are not related to the Company.

h. Property, plant and equipment

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

Except for freehold land which is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term of an item of property, plant and equipment is shorter than its useful life, such asset is depreciated over its lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use asset, investment properties, and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned are recognized in other income and interest income, respectively; remeasurement gains or losses on such financial assets are recognized in other gains and losses. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties, time deposits with original maturities over 3 months, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost and finance lease receivables.

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

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

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss directly or by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

m. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of cement; sales of cement are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The advance receipts before the delivery of goods are recognized as contract liabilities and reclassified to revenue after the goods are transferred to customers.

2) Revenue from the rendering of services

The revenue from rendering of services is recognized over time with reference to the progress of the fulfillment of contract obligations or recognized on the date the service is provided.

3) Other income

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

n. Leases

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

1) The Company as lessor

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

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

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

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

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

## 2) The Company as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

### o. Borrowing costs

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

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

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



p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Share-based payment arrangements

Equity-settled share-based payment arrangements granted to employees

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

### 3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

### 4) The linked-tax system

The Company files joint income tax returns with Chia Hsin Property Management & Development Corporation. The differences between the tax expense and deferred tax liabilities and assets of the Company as a separate entity and of the Company and its qualified subsidiaries as a joint entity are adjusted on the Company; the related amounts are recognized as current tax assets or current tax liabilities.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on 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 Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on 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.

## Key Sources of Estimation Uncertainty

### Impairment of property, plant and equipment

Impairment of equipment is evaluated based on the recoverable amount of assets, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices, future cash flows or discount rates will affect the recoverable amount of the assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses. Furthermore, the estimates of the cash flow projections, growth rate and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on the impact arising from potential disruptions of the Company's operations and volatility in financial markets due to the evolution of COVID-19 pandemic.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 579	\$ 884
Checking accounts and demand deposits	899,900	266,456
Cash equivalents		
Commercial papers	-	14,998
Time deposits with original maturities of 3 months or less	111,073	218,192
Repurchase agreements collateralized by bonds	<u>27,688</u>	<u>93,061</u>
	<u>\$ 1,039,240</u>	<u>\$ 593,591</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Commercial papers	-	0.19%
Bank balance	0.001%-0.38%	0.001%-0.38%
Repurchase agreements collateralized by bonds	0.33%	0.50%-0.60%

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets mandatorily classified as at fair value through profit or loss (FVTPL) - current</u>		
Non-derivative financial assets		
Domestic listed shares	\$ 371,538	\$ 334,856
Overseas listed shares	50,340	64,909
Overseas mutual funds - beneficiary certificates	<u>280,693</u>	<u>72,017</u>
	<u>\$ 702,571</u>	<u>\$ 471,782</u>

The Company has investments in shares of Taiwan Cement Corporation. As of December 31, 2021, the Company held 7,740,307 shares (carrying amount of \$371,535 thousand) accounted for as financial assets at fair value through profit or loss, and 210,119,149 shares (carrying amount of \$10,085,719 thousand) accounted for as financial assets at fair value through other comprehensive income. Information for other price risks and sensitivity analysis are provided in Note 32.

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

	<u>December 31</u>	
	2021	2020
<u>Investments in equity instruments - current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ <u>1,424,469</u>	\$ <u>1,311,043</u>
<u>Investments in equity instruments - non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 8,866,481	\$ 7,979,833
Unlisted shares	<u>387,002</u>	<u>304,901</u>
	<u>\$ 9,253,483</u>	<u>\$ 8,284,734</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 Company's strategy of holding these investments for long-term purposes.

The Company purchased preference shares B of Smart Ageing Tech Co., Ltd. and ordinary shares of B Current Impact Investment Fund 3 with the amount of \$90,000 thousand in July 2021 and \$10,000 thousand in March 2020, respectively. The investment is held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	2021	2020
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 137,509	\$ 147,015
Less: Allowance for impairment loss	<u>(1,375)</u>	<u>(1,470)</u>
	<u>\$ 136,134</u>	<u>\$ 145,545</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 20,743	\$ 34,342
Less: Allowance for impairment loss	<u>(207)</u>	<u>(343)</u>
	<u>\$ 20,536</u>	<u>\$ 33,999</u>

## 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 Company 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 Company reviews the recoverable amount of each individual notes receivables at the end of the year to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes receivables at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivables 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 90 days, and no interest was charged on overdue trade receivables. In determining the recoverability of the trade receivables, the Company 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 Company 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 Company 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 Company'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 Company's different customer base.

The Company 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. For trade receivables that have been written off, the Company 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 receivables (including receivables from related parties) based on the Company's provision matrix:

December 31, 2021

	<b>Not overdue</b>	<b>Overdue within 90 Days</b>	<b>Overdue 91 - 360 Days</b>	<b>Overdue 1 Year or More</b>	<b>Total</b>
Expected credit loss rate	0%-1%	-	-	100%	
Gross carrying amount	\$ 175,047	\$ -	\$ -	\$ -	\$ 175,047
Loss allowance (Lifetime ECLs)	<u>(1,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,582)</u>
Amortized cost	<u>\$ 173,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,465</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%-1%	-	-	100%	
Gross carrying amount	\$ 193,237	\$ -	\$ -	\$ -	\$ 193,237
Loss allowance (Lifetime ECLs)	<u>(1,813)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,813)</u>
Amortized cost	<u>\$ 191,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,424</u>

The movements of the loss allowance of receivable (including receivables from related parties) were as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 1,813	\$ 1,963
Add: Net remeasurement of loss allowance	-	23
Less: Net remeasurement of loss allowance reversed	<u>(231)</u>	<u>(173)</u>
Balance at December 31	<u>\$ 1,582</u>	<u>\$ 1,813</u>

#### 10. OTHER RECEIVABLES

	<u>December 31</u>	
	2021	2020
Interest receivables	\$ 473	\$ 2,420
Others	<u>112</u>	<u>123</u>
	<u>\$ 585</u>	<u>\$ 2,543</u>

Other receivables were mainly interest. The Company only transacts with counterparts who have good credit ratings. The Company 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. As of December 31, 2021 and 2020, the Company assessed the expected credit loss rate of other receivables as 0%.

## 11. FINANCE LEASE RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Undiscounted lease payments</u>		
Year 1	\$ 78,400	\$ 64,441
Year 2	65,003	63,664
Year 3	65,003	63,664
Year 4	65,003	63,664
Year 5	65,003	63,664
Year 6 onwards	<u>1,192,700</u>	<u>1,258,650</u>
	1,531,112	1,577,747
Less: Unearned finance income	<u>(245,546)</u>	<u>(266,305)</u>
Lease payments receivable	<u>1,285,566</u>	<u>1,311,442</u>
Net investment in leases presented as finance lease receivables	<u>\$ 1,285,566</u>	<u>\$ 1,311,442</u>
<u>Lease payments receivable</u>		
Not more than 1 year	\$ 58,825	\$ 44,236
More than 1 year and not more than 5 years	189,047	184,086
More than 5 years	<u>1,037,694</u>	<u>1,083,120</u>
	<u>\$ 1,285,566</u>	<u>\$ 1,311,442</u>

Since December 2009, the Company has been subleasing the land, facilities and equipment located in the Taipei Port Container Terminal to its subsidiary - Chia Pei International Corporation. As the Company's main lease is a finance lease and the sublease of the abovementioned items is for all the remaining lease term of the main lease, 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 December 31, 2021 and 2020, the interest rate inherent in the finance leases was approximately 1.58% per annum.

To reduce the residual asset risk related to the leased land and machineries and equipment at the end of the relevant lease, the lease contract includes general risk management strategy of the Company.

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

## 12. INVENTORIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Finished goods	\$ 46,049	\$ 51,701
Raw materials	<u>975</u>	<u>1,147</u>
	<u>\$ 47,024</u>	<u>\$ 52,848</u>

The nature of the cost of goods sold is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Cost of inventories sold	\$ 1,073,060	\$ 1,013,928
Inventory write-downs	<u>                  -</u>	<u>                  2,531</u>
	<u>\$ 1,073,060</u>	<u>\$ 1,016,459</u>

### 13. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 887,458</u>	<u>\$ 1,177,666</u>
<u>Non-current</u>		
Restricted deposits	<u>\$ 9,476</u>	<u>\$ 9,476</u>

- a. The Company 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 Company forecasts both 12-month expected credit losses and lifetime expected credit losses of financial assets at amortized cost. As of December 31, 2021 and 2020, the Company assessed the expected credit loss rate as 0%.
- b. Refer to Note 34 for the carrying amounts of financial assets pledged by the Company to secure obligations.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Interest rate range</u>		
Time deposits with original maturities of more than 3 months	0.12%-0.30%	0.28%-0.60%
Restricted deposits	0.52%-0.815%	0.52%-1.045%

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Investments in subsidiaries	\$ 13,291,943	\$ 14,823,114
Investments in associates	<u>3,310,072</u>	<u>3,436,436</u>
	<u>\$ 16,602,015</u>	<u>\$ 18,259,550</u>



a. Investments in subsidiaries

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Unlisted Companies</b>		
Tong Yang Chia Hsin International Corporation	\$ 6,725,581	\$ 6,378,276
Chia Hsin Property Management & Development Corporation	3,963,806	5,279,930
Jaho Life Plus+ Management Corp., Ltd.	188,142	224,254
Chia Pei International Corporation	220,413	197,301
YJ International Corporation	886,562	1,373,289
BlueSky. Co., Ltd.	84,072	83,930
Chia Hsin Pacific Limited	<u>2,279,077</u>	<u>2,341,844</u>
	14,347,653	15,878,824
Less: reclassified to treasury stocks (Note 24)	<u>(1,055,710)</u>	<u>(1,055,710)</u>
	<u>\$ 13,291,943</u>	<u>\$ 14,823,114</u>
	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Tong Yang Chia Hsin International Corporation	87.18%	87.18%
Chia Hsin Property Management & Development Corporation	100.00%	100.00%
Jaho Life Plus+ Management Corp., Ltd. (Note 1)	100.00%	100.00%
Chia Pei International Corporation	100.00%	100.00%
YJ International Corporation	100.00%	100.00%
BlueSky. Co., Ltd.	100.00%	100.00%
Chia Hsin Pacific Limited	74.16%	74.16%

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

Note 2: The Company received \$2,021,027 thousand and \$744,703 thousand of cash dividends from its subsidiaries in 2021 and 2020, respectively.

Note 3: The Company's cash dividend to subsidiaries in 2021 and 2020 was written off against investments in subsidiaries, associates and joint ventures accounted for using the equity method, and adjusted the carrying amount of capital surplus - treasury share of \$155,010 thousand and \$111,248 thousand, respectively.

Note 4: For the years ended December 31, 2021 and 2020, the amounts recognized in share of profit or loss of subsidiaries accounted for using the equity method and share of the other comprehensive income of subsidiaries accounted for using the equity method were based on the audited financial statements.

b. Investments in associates

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Material associates		
LDC ROME HOTELS S.R.L.	\$ 289,131	\$ 367,335
L'Hotel De Chine Corporation	1,032,448	1,164,251
Chia Hsin Construction & Development Corp.	<u>1,870,402</u>	<u>1,792,694</u>
	<u>3,191,981</u>	<u>3,324,280</u>
Associates that are not individually material	<u>118,091</u>	<u>112,156</u>
	<u>\$ 3,310,072</u>	<u>\$ 3,436,436</u>

1) Material associates

	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
LDC ROME HOTELS S.R.L.	40.00%	40.00%
Chia Hsin Construction & Development Corp.	43.87%	43.87%
L'Hotel De Chine Corporation	23.10%	23.10%

Refer to Note 39, Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

All the associates were accounted for using the equity method.

The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purpose.

LDC ROME HOTELS S.R.L.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current assets	\$ 200,036	\$ 311,500
Non-current assets	1,560,215	1,824,143
Current liabilities	(134,259)	(102,503)
Non-current liabilities	<u>(903,164)</u>	<u>(1,114,803)</u>
Equity	<u>\$ 722,828</u>	<u>\$ 918,337</u>
Proportion of the Company’s ownership	40.00%	40.00%
Equity attributable to the Company	<u>\$ 289,131</u>	<u>367,335</u>
Carrying amount	<u>\$ 289,131</u>	<u>\$ 367,335</u>

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating revenue	\$ 235,128	\$ 147,972
Net loss for the year	(104,258)	(188,754)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>\$ (104,258)</u>	<u>\$ (188,754)</u>

On December 23, 2020, the Company increased its investments in LDC ROME HOTELS S.R.L. by EUR1,067 thousand (equivalent to \$37,120 thousand).

Chia Hsin Construction & Development Corp.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current assets	\$ 2,006,649	\$ 2,041,258
Non-current assets	2,628,645	2,410,159
Current liabilities	(296,726)	(381,994)
Non-current liabilities	<u>(104,405)</u>	<u>(12,394)</u>
Equity	<u>\$ 4,234,163</u>	<u>\$ 4,057,029</u>
Proportion of the Company's ownership	43.87%	43.87%
Equity attributable to the Company	\$ 1,857,527	\$ 1,779,819
Premium representing the difference between fair value and carrying amount of remaining equity investments	<u>12,875</u>	<u>12,875</u>
Carrying amount	<u>\$ 1,870,402</u>	<u>\$ 1,792,694</u>

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating revenue	\$ 343,344	\$ 328,189
Net profit for the year	114,794	208,159
Other comprehensive income (loss)	<u>97,836</u>	<u>(79,389)</u>
Total comprehensive income for the year	<u>\$ 212,630</u>	<u>\$ 128,770</u>
Dividends received from China Hsin Construction & Development Corp.	<u>\$ 15,729</u>	<u>\$ 47,189</u>

L'Hotel De Chine Corporation

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current assets	\$ 598,400	\$ 2,179,633
Non-current assets	7,065,130	6,118,487
Current liabilities	(1,555,061)	(1,525,195)
Non-current liabilities	<u>(1,638,997)</u>	<u>(1,732,880)</u>
Equity	<u>\$ 4,469,472</u>	<u>\$ 5,040,045</u>
Proportion of the Company's ownership	23.10%	23.10%
Equity attributable to the Company	<u>\$ 1,032,448</u>	<u>\$ 1,164,251</u>
Carrying amount	<u>\$ 1,032,448</u>	<u>\$ 1,164,251</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating revenue	<u>\$ 919,740</u>	<u>\$ 1,163,999</u>
Net loss for the year	(603,476)	(86,528)
Other comprehensive (loss) income	<u>(34,626)</u>	<u>32,992</u>
Total comprehensive loss for the year	<u>\$ (638,102)</u>	<u>\$ (53,536)</u>

Acquisition of associates

On December 1, 2020, the Company 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%. The Company has identified the difference between the cost of acquisition and the net fair value of the identifiable assets and liabilities of its associate in November, 2021.

	<b>L'Hotel De Chine Corporation</b>
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 Company is not obligated to pay the contingent consideration. The earnings per share in 2020 has met the contractual agreement and, therefore, the Company has paid the contingent consideration on May 31, 2021.

2) Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
The Company's share of:		
Profit from continuing operations	\$ 2,517	\$ 3,958
Other comprehensive income (loss)	<u>3,418</u>	<u>(5,618)</u>
Total comprehensive income (loss) for the year	<u>\$ 5,935</u>	<u>\$ (1,660)</u>

On October 27, 2020, the liquidation process of Chia Huan Tung Cement Corp. which was accounted for using the equity method, was completed. The Company received \$25,071 thousand of cash return on capital due to liquidation and recognized \$620 thousand of loss on liquidation of associates accounted for using the equity method under other gains and losses.

For the years ended December 31, 2021 and 2020, investments in associates were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited.

## 15. PROPERTY, PLANT AND EQUIPMENT

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Assets used by the Company	\$ 67,943	\$ 84,654
Assets leased under operating leases	<u>656,170</u>	<u>735,853</u>
	<u>\$ 724,113</u>	<u>\$ 820,507</u>

### a. Assets used by the Company

	<b>Land</b>	<b>Machinery and Equipment</b>	<b>Transportation Equipment</b>	<b>Leasehold Improvement</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>						
Balance at January 1, 2020	\$ 4,669	\$ 41,336	\$ 3,821	\$ 547,385	\$ 14,020	\$ 611,231
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at December 31, 2020	<u>\$ 4,669</u>	<u>\$ 41,336</u>	<u>\$ 3,821</u>	<u>\$ 547,385</u>	<u>\$ 14,020</u>	<u>\$ 611,231</u>
<u>Revaluation</u>						
Balance at January 1, 2020	\$ -	\$ 15,807	\$ -	\$ -	\$ -	\$ 15,807
Disposals	-	-	-	-	-	-
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 15,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,807</u>

(Continued)

	Land	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 57,143	\$ 3,088	\$ 454,937	\$ 3,699	\$ 518,867
Depreciation expense	-	-	175	20,627	2,715	23,517
Disposals	-	-	-	-	-	-
Balance at December 31, 2020	\$ -	\$ 57,143	\$ 3,263	\$ 475,564	\$ 6,414	\$ 542,384
Carrying amount at December 31, 2020	\$ 4,669	\$ -	\$ 558	\$ 71,821	\$ 7,606	\$ 84,654
<u>Cost</u>						
Balance at January 1, 2021	\$ 4,669	\$ 41,336	\$ 3,821	\$ 547,385	\$ 14,020	\$ 611,231
Additions	-	-	-	-	7,725	7,725
Disposals	-	-	(855)	-	-	(855)
Balance at December 31, 2021	\$ 4,669	\$ 41,336	\$ 2,966	\$ 547,385	\$ 21,745	\$ 618,101
<u>Revaluation</u>						
Balance at January 1, 2021	\$ -	\$ 15,807	\$ -	\$ -	\$ -	\$ 15,807
Disposals	-	-	-	-	-	-
Balance at December 31, 2021	\$ -	\$ 15,807	\$ -	\$ -	\$ -	\$ 15,807
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 57,143	\$ 3,263	\$ 475,564	\$ 6,414	\$ 542,384
Depreciation expense	-	-	168	20,531	3,737	24,436
Disposals	-	-	(855)	-	-	(855)
Balance at December 31, 2021	\$ -	\$ 57,143	\$ 2,576	\$ 496,095	\$ 10,151	\$ 565,965
Carrying amount at December 31, 2021	\$ 4,669	\$ -	\$ 390	\$ 51,290	\$ 11,594	\$ 67,943

(Concluded)

The abovementioned property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	15 years
Transportation equipment	2-5 years
Other equipment	3-8 years
Leasehold improvement	
Office building	24 years
Plant	7-24 years
Others	3-24 years

b. Assets leased under operating leases

	<b>Machinery and Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2020	\$ 429,490	\$ 2,131,443	\$ 2,560,933
Additions	-	-	-
Disposals	-	-	-
Balance at December 31, 2020	<u>\$ 429,490</u>	<u>\$ 2,131,443</u>	<u>\$ 2,560,933</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 414,909	\$ 1,294,725	\$ 1,709,634
Depreciation expense	14,581	100,865	115,446
Disposals	-	-	-
Balance at December 31, 2020	<u>\$ 429,490</u>	<u>\$ 1,395,590</u>	<u>\$ 1,825,080</u>
Carrying amount at December 31, 2020	<u>\$ -</u>	<u>\$ 735,853</u>	<u>\$ 735,853</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 429,490	\$ 2,131,443	\$ 2,560,933
Additions	-	-	-
Disposals	-	-	-
Balance at December 31, 2021	<u>\$ 429,490</u>	<u>\$ 2,131,443</u>	<u>\$ 2,560,933</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 429,490	\$ 1,395,590	\$ 1,825,080
Depreciation expense	-	79,683	79,683
Disposals	-	-	-
Balance at December 31, 2021	<u>\$ 429,490</u>	<u>\$ 1,475,273</u>	<u>\$ 1,904,763</u>
Carrying amount at December 31, 2021	<u>\$ -</u>	<u>\$ 656,170</u>	<u>\$ 656,170</u>

The abovementioned 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	8 years
Leasehold improvement	
Office building	8-20 years
Plant	8-20 years
Others	10-20 years

In 2021 and 2020, the Company leased machinery and leasehold improvements under operating leases. According to the contract, lease payments receivable under operating lease is based on the amount of usage. The fee is settled monthly and paid quarterly.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Buildings	\$ 1,060	\$ -
Land improvements	8,004	11,206
Transportation equipment	<u>1,225</u>	<u>1,999</u>
	<u>\$ 10,289</u>	<u>\$ 13,205</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 1,589</u>	<u>\$ 4,001</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 529	\$ 1,046
Land improvements	3,202	3,202
Transportation equipment	<u>774</u>	<u>509</u>
	<u>\$ 4,505</u>	<u>\$ 4,757</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Current	<u>\$ 63,370</u>	<u>\$ 48,189</u>
Non-current	<u>\$ 1,232,677</u>	<u>\$ 1,276,621</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Buildings	1.30%	-
Land improvement	1.38%-1.58%	1.38%-1.58%
Transportation equipment	2.30%	2.30%



c. Material lease-in activities and terms

Warehousing and storage service at the wharves

In order to operate in cargo loading, unloading, storage and transit business, the Company signed as lessee lease contracts with Port of Keelung, Taiwan International Ports Co., Ltd. for the leasing of facilities and lands in (a) wharf No. 33 in the west port of Keelung (“Port of Keelung”) and (b) No. 1 general cargo terminal in port of Taipei (“Port of Taipei”). The period of the lease of the Port of Keelung is 23 years and 9 months which started on October 7, 2000. The period of the lease of the Port of Taipei is 35 years and 5 months which started on December 10, 2009. The rentals for lands are calculated on the basis of the regional average rental and the annual rental rate per square meter announced by the government. The land rental rates are adjusted in line with the regional rental rate and the market rate 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) of the Executive Yuan of the ROC. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets in the leases mentioned above without the lessor’s consent. The Company may renew the lease contract at the end of the lease term by signing a new one.

d. Other leasing information

The Company’s leases as lessor of property, plant and equipment and investment properties under operating leases are set out in Notes 15 and 17, respectively; finance leases of assets are set out in Note 11.

	<u>For the Year Ended December 31</u>	
	2021	2020
Expenses relating to short-term leases	<u>\$ 9,509</u>	<u>\$ 9,035</u>
Total cash outflow for leases	<u>\$ (75,338)</u>	<u>\$ (68,797)</u>

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

**17. INVESTMENT PROPERTIES**

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 277,135	\$ 277,135
Additions	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 277,135</u>	<u>\$ 277,135</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 9,479	\$ 8,243
Depreciation expense	<u>1,236</u>	<u>1,236</u>
Balance at December 31	<u>\$ 10,715</u>	<u>\$ 9,479</u>
<u>Carrying amount</u>		
Carrying amount at January 1	<u>\$ 267,656</u>	<u>\$ 268,892</u>
Carrying amount at December 31	<u>\$ 266,420</u>	<u>\$ 267,656</u>
		(Concluded)

The abovementioned investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Office building	14-15 years

The investment properties are not evaluated by an independent valuer but valued by the Company's management using the valuation model that market participants would use in determining the fair value. 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:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
The fair value of investment properties	\$ 337,378	\$ 371,751
Discount rate	6.85%	6.46%

The investment properties were leased out for 1 to 5 years, with an option to extend for additional years. The 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 investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2021 and 2020 is as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Year 1	\$ 4,513	\$ 4,044
Year 2	4,331	3,553
Year 3	4,367	3,589
Year 4	743	3,625
Year 5	<u>310</u>	<u>-</u>
	<u>\$ 14,264</u>	<u>\$ 14,811</u>

## 18. INTANGIBLE ASSETS

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2021	\$ -
Additions	<u>184</u>
Balance at December 31, 2021	<u>\$ 184</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ -
Amortization expense	<u>15</u>
Balance at December 31, 2021	<u>\$ 15</u>
<u>Carrying amount</u>	
Carrying amount at January 1, 2021	<u>\$ -</u>
Carrying amount at December 31, 2021	<u>\$ 169</u>
Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:	
Computer software	5 years
	<b>For the Year Ended December 31, 2021</b>
An analysis of amortization by function	
General and administrative expenses	<u>\$ 15</u>

## 19. OTHER ASSETS

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Prepayments		
Prepayments for investments	\$ 41,520	\$ -
Others	<u>3,952</u>	<u>3,202</u>
	<u>\$ 45,472</u>	<u>\$ 3,202</u>
<u>Non-current</u>		
Refundable deposits	<u>\$ 7,006</u>	<u>\$ 7,006</u>
Other non-current assets		
Others	<u>\$ 1,859</u>	<u>\$ 2,010</u>

## 20. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Secured borrowings	\$ 209,000	\$ 75,000
Unsecured borrowings	<u>595,000</u>	<u>1,344,000</u>
	<u>\$ 804,000</u>	<u>\$ 1,419,000</u>

The range of interest rates on bank loans was 0.86%-0.90% and 0.86%-0.95% per annum as of December 31, 2021 and 2020, respectively.

### b. Short-term bills payable

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Commercial paper	\$ 135,000	\$ 137,000
Less: Unamortized discounts on bills payable	<u>(158)</u>	<u>(227)</u>
	<u>\$ 134,842</u>	<u>\$ 136,773</u>

Outstanding short-term bills payable were as follows:

#### December 31, 2021

<b>Promissory Institution</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>	<b>Interest Rate</b>	<b>Collateral</b>
<u>Commercial paper</u>					
International Bills	<u>\$ 135,000</u>	<u>\$ (158)</u>	<u>\$ 134,842</u>	0.888%	None

#### December 31, 2020

<b>Promissory Institution</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>	<b>Interest Rate</b>	<b>Collateral</b>
<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>		

c. Long-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Bank loans</u>		
Secured borrowings	\$ 4,743,750	\$ 5,301,250
Unsecured borrowings	<u>100,000</u>	<u>-</u>
	4,843,750	5,301,250
Less: Current portion	<u>(577,500)</u>	<u>(457,500)</u>
Long-term borrowings	<u>\$ 4,266,250</u>	<u>\$ 4,843,750</u>

1) The Company signed medium-term secured loan contracts with First Commercial Bank, Cathay United Bank, Bank SinoPac, China Trust Commercial Bank, and Taiwan Cooperative Bank, respectively. The bank loans are to be repaid at once or in installments according to the agreement. The facilities allow drawdowns on a revolving basis. As of December 31, 2021 and 2020, the Company has taken new bank loans in the amounts of \$0 thousand and \$1,600,000 thousand, with annual interest rates of 1.05%-1.24% and 1.05%-1.23%, respectively. The loan is repayable in 5 to 7 years, and the final maturity date of the loan is May 28, 2027.

2) Refer to Note 33 for the secured loans guaranteed by related parties or collaterals by related parties.

## 21. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes payable</u>		
Operating	<u>\$ 3,351</u>	<u>\$ 3,011</u>
<u>Trade payables</u>		
Operating	<u>\$ 91,987</u>	<u>\$ 49,638</u>

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

## 22. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 41,942	\$ 60,644
Payable for contingent consideration (Note 14)	-	50,000
Payables for interests	1,077	1,933
Payable for insurance	1,454	1,055
Payables for professional fees	1,452	2,229
Payables for VAT	432	1,775
Others	<u>3,286</u>	<u>2,416</u>
	<u>\$ 49,643</u>	<u>\$ 120,052</u>

## 23. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

### b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("Bureau"); the Company has no right to influence the investment policy and strategy.

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Present value of defined benefit obligation	\$ (87,927)	\$ (98,338)
Fair value of plan assets	<u>77,399</u>	<u>82,072</u>
Deficit	<u>(10,528)</u>	<u>(16,266)</u>
Net defined benefit liabilities	<u>\$ (10,528)</u>	<u>\$ (16,266)</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2020	\$ 97,888	\$ (80,052)	\$ 17,836
Service cost			
Current service cost	2,246	-	2,246
Net interest expense (income)	<u>735</u>	<u>(609)</u>	<u>126</u>
Recognized in profit or loss	<u>2,981</u>	<u>(609)</u>	<u>2,372</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,612)	(2,612)
Actuarial loss			
Changes in demographic assumptions	15	-	15
Changes in financial assumptions	2,296	-	2,296
Experience adjustments	<u>(1,270)</u>	<u>-</u>	<u>(1,270)</u>
Recognized in other comprehensive income	<u>1,041</u>	<u>(2,612)</u>	<u>(1,571)</u>
Benefits paid	(3,572)	3,572	-
Contributions from the employer	<u>-</u>	<u>(2,371)</u>	<u>(2,371)</u>
Balance at December 31, 2020	<u>98,338</u>	<u>(82,072)</u>	<u>16,266</u>
Service cost			
Current service cost	2,261	-	2,261
Net interest expense (income)	<u>492</u>	<u>(417)</u>	<u>75</u>
Recognized in profit or loss	<u>2,753</u>	<u>(417)</u>	<u>2,336</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,065)	(1,065)
Actuarial loss			
Changes in demographic assumptions	1,861	-	1,861
Changes in financial assumptions	(1,017)	-	(1,017)
Experience adjustments	<u>(5,509)</u>	<u>-</u>	<u>(5,509)</u>
Recognized in other comprehensive income	<u>(4,665)</u>	<u>(1,065)</u>	<u>(5,730)</u>
Benefits paid	(8,499)	8,499	-
Contributions from the employer	<u>-</u>	<u>(2,344)</u>	<u>(2,344)</u>
Balance at December 31, 2021	<u>\$ 87,927</u>	<u>\$ (77,399)</u>	<u>\$ 10,528</u>

Through the defined benefit plan under the Labor Standards Act, the Company is exposed to the following risks:

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate(s)	0.625%	0.50%
Expected rate(s) of salary increase	2.00%	2.00%

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate(s)		
0.25% increase	<u>\$ (2,021)</u>	<u>\$ (2,296)</u>
0.25% decrease	<u>\$ 2,088</u>	<u>\$ 2,376</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 2,026</u>	<u>\$ 2,302</u>
0.25% decrease	<u>\$ (1,971)</u>	<u>\$ (2,237)</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Expected contributions to the plan for the next year	<u>\$ 2,377</u>	<u>\$ 2,464</u>
Average duration of the defined benefit obligation	9.9 years	10.2 years

## 24. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Shares authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>
Amount of shares authorized	<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>
Amount of shares issued and fully paid	<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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May only be used to offset a deficit (Note 1)</u>		
Treasury share transactions	\$ 367,772	\$ 367,772
Unclaimed dividends extinguished by prescription	12,054	11,908
Unclaimed dividends extinguished by prescription of subsidiaries	198	-
Changes in equity of associates accounted for using the equity method	3,461	-
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 2)</u>		
Treasury share transactions		
Dividends paid to subsidiaries	710,800	555,790
Disposal of treasury shares	24,829	24,925
Share-based payments	15,428	-
Share-based payments of subsidiaries and second-tier subsidiaries	4,747	-
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>7</u>	<u>7</u>
	<u>\$ 1,139,296</u>	<u>\$ 960,402</u>

Note 1: Such capital surplus may only be used to offset a deficit.

Note 2: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles of Incorporation of the Company, when the Company makes the financial statement to obtain after-tax surplus earnings in a fiscal year, it shall make up its accumulated losses, set aside a sum as legal reserve, set aside or reverse 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 26(g).

The remaining dividend policy is taken by the Company. In consideration of the future business expansion and capital needs, an appropriate amount of earnings can be retained. If there are undistributed earnings remained after the appropriation, distribution of earnings can be made.

For the distribution of shareholders' dividends, cash dividends shall be more than 10% of total dividends distributed in the current year, the remainders will be in stock 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, and Rule No. 1010012865 and No. 1010047490 will repeal on December 31, 2021 and March 31, 2021, respectively.

The appropriations of earnings for 2020 and 2019 approved in the shareholders' regular meetings on August 18, 2021 and June 22, 2020, respectively, were as follows:

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

The appropriation of earnings for 2021 is expected to be proposed by the board of directors in May 2022 and will be resolved by the shareholders in their meeting to be held on June 14, 2022.

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 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 December 31, 2021 and 2020 were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Appropriation in respect of the Articles of Incorporation of the Company	\$ 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
Exchange differences on the translation of the financial statements of foreign operations	<u>168,790</u>	<u>168,790</u>
	<u>\$ 2,257,996</u>	<u>\$ 2,275,704</u>

Note: In the first half of 2021 and the second half of 2020, the Company 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 the translation of the financial statements of foreign operations:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	<u>\$ (404,225)</u>	<u>\$ (343,071)</u>
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(306,820)	(63,048)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	(188,194)	(13,395)
Related income tax	<u>99,003</u>	<u>15,289</u>
Other comprehensive income recognized for the year	<u>(396,011)</u>	<u>(61,154)</u>
Balance at December 31	<u>\$ (800,236)</u>	<u>\$ (404,225)</u>

2) Unrealized valuation gain on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 5,343,439	\$ 4,997,339
Recognized for the year		
Unrealized gain - financial instrument at FVTOCI	992,174	271,582
Share from associates accounted for using the equity method	<u>443,741</u>	<u>74,518</u>
Other comprehensive income recognized for the year	<u>1,435,915</u>	<u>346,100</u>
Balance at December 31	<u>\$ 6,779,354</u>	<u>\$ 5,343,439</u>

f. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at January 1, 2020	3,000	127,371	130,371
Increase during the year	1,435	-	1,435
Decrease during the year	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at December 31, 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 year	-	-	-
Decrease during the year	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>
Number of shares at December 31, 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 December 31, 2020, the Company had already repurchased 1,435 thousand shares, with a total amount of \$22,240 thousand.

As of December 31, 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 \$15,428 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 29 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>December 31, 2021</u>			
<u>By direct investment</u>			
Tong Yang Chia Hsin International Corporation	127,371	\$ <u>1,055,710</u>	\$ <u>2,304,110</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>

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.

## 25. REVENUE

### a. Contract information

#### Revenue from the sale of goods

The main operating revenue of the Company is from the sale of cement. All goods are sold at their respective fixed amounts as agreed in the contracts.

#### Revenue from rent

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

#### Revenue from rendering of services

The Company renders management service to its subsidiaries. The Company charges the subsidiaries upon finishing the services according to the signed management contracts.

#### Other revenue - warehousing and storage services

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

### b. Contract balances

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>January 1, 2020</b>
Notes receivable and trade receivables (Note 9)	<u>\$ 156,670</u>	<u>\$ 179,544</u>	<u>\$ 194,333</u>
Trade receivables from related parties (Note 33)	<u>\$ 16,795</u>	<u>\$ 11,880</u>	<u>\$ 5,783</u>
Contract liabilities - current Sale of goods	<u>\$ 12,278</u>	<u>\$ 4,924</u>	<u>\$ 4,996</u>

Revenue recognized in the current reporting period that was included in the contract liability balance at the beginning of the period for the years ended December 31, 2021 and 2020 was \$4,924 thousand and \$4,996 thousand, respectively.

### c. Disaggregation of revenue

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Type of goods or services		
Sale of goods	\$ 1,062,850	\$ 1,002,463
Rental income	4,695	4,578
Rendering of service	22,174	23,519
Other revenue		
Revenue from warehousing and storage service	<u>159,212</u>	<u>156,315</u>
	<u>\$ 1,248,931</u>	<u>\$ 1,186,875</u>

## 26. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Bank deposits	\$ 2,943	\$ 22,085
Loans to related party (Note 33)	112	710
Net investments in leases (Note 33)	<u>20,132</u>	<u>20,737</u>
	<u>\$ 23,187</u>	<u>\$ 43,532</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Dividends (Note 33)	\$ 747,616	\$ 530,595
Remuneration of director (Note 33)	34,560	33,205
Others (Note 33)	<u>3,331</u>	<u>3,793</u>
	<u>\$ 785,507</u>	<u>\$ 567,593</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Gain on disposal of property, plant and equipment	\$ 29	\$ -
Loss on disposal of associates	-	(620)
Net foreign exchange losses (h)	(105,687)	(48,103)
Gain (loss) on fair value changes of financial assets mandatorily classified as at FVTPL	36,661	(11,939)
Service fee arising from endorsement guarantee (Note 33)	(19,698)	(18,619)
Others	<u>(10)</u>	<u>26</u>
	<u>\$ (88,705)</u>	<u>\$ (79,255)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on bank loans	\$ 68,963	\$ 72,407
Interest on lease liabilities	<u>20,314</u>	<u>20,949</u>
	<u>\$ 89,277</u>	<u>\$ 93,356</u>

e. Depreciation and amortization

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 104,119	\$ 138,963
Investment properties	1,236	1,236
Right-of-use assets	4,505	4,757
Intangible assets	<u>15</u>	<u>-</u>
	<b><u>\$ 109,875</u></b>	<b><u>\$ 144,956</u></b>
 An analysis of depreciation by function		
Operating costs	\$ 104,819	\$ 140,686
Operating expenses	<u>5,041</u>	<u>4,270</u>
	<b><u>\$ 109,860</u></b>	<b><u>\$ 144,956</u></b>
 An analysis of amortization by function		
Operating expenses	<u>\$ 15</u>	<u>\$ -</u>

f. Employee benefits expense

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Short-term benefits	\$ 169,001	\$ 164,995
Post-employment benefits (Note 23)		
Defined contribution plan	3,458	3,200
Defined benefit plan	2,336	2,372
Share-based payments		
Equity-settled	15,428	-
Other employee benefits	<u>5,782</u>	<u>5,223</u>
	<b><u>\$ 196,005</u></b>	<b><u>\$ 175,790</u></b>
 An analysis of employee benefits expense by function		
Operating costs	\$ 14,444	\$ 15,225
Operating expenses	<u>181,561</u>	<u>160,565</u>
	<b><u>\$ 196,005</u></b>	<b><u>\$ 175,790</u></b>

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 the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 22, 2022 and March 29, 2021, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2021	2020
Compensation of employees	1.39%	0.39%
Remuneration of directors	1.39%	0.98%

Amount

	<u>For the Year Ended December 31</u>			
	<u>2021</u>		<u>2020</u>	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 9,660	\$ -	\$ 7,200	\$ -
Remuneration of directors	9,660	-	18,000	-

If there is a change in the amounts after the annual financial statements are 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 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

	<u>For the Year Ended December 31</u>	
	2021	2020
Foreign exchange gains	\$ 23,056	\$ 40,218
Foreign exchange losses	<u>(128,743)</u>	<u>(88,321)</u>
Net foreign exchange losses	<u>\$ (105,687)</u>	<u>\$ (48,103)</u>

**27. INCOME TAXES RELATING TO CONTINUING OPERATIONS**

According to regulations stipulated by Ruling Letter No. 910458039 dated February 12, 2003, "Principles and regulations of profit-seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law", when a financial holding company holds more than 90% of the shares of a domestic subsidiary, the financial holding company and the subsidiary can file a joint tax return once the financial holding company has held more than 90% of the subsidiary for 12 months during a taxable year.

The Company filed the joint income tax returns of the Company and Chia Hsin Property Management & Development Corporation. The objective of the Company under the linked-tax system is to reduce the income tax liabilities of the companies by maximizing the benefits from the synergy of the Company and its subsidiary.



a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ (35,639)	\$ (36,955)
Income tax on unappropriated earnings	25,084	40,634
Adjustments for prior years	<u>44</u>	<u>(5,482)</u>
	(10,511)	(1,803)
Deferred tax		
In respect of the current year	<u>27,292</u>	<u>56,922</u>
Income tax expense recognized in profit or loss	<u>\$ 16,781</u>	<u>\$ 55,119</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax from continuing operations	<u>\$ 674,629</u>	<u>\$ 1,819,485</u>
Income tax expense calculated at the statutory rate	\$ 134,926	\$ 363,897
Nondeductible expenses in determining taxable income	331	457
Tax-exempt income	(283,881)	(525,582)
Income tax on unappropriated earnings	25,084	40,634
Unrecognized deductible temporary differences	140,277	181,195
Adjustments for prior years' income tax	<u>44</u>	<u>(5,482)</u>
Income tax expense recognized in profit or loss	<u>\$ 16,781</u>	<u>\$ 55,119</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (99,003)	\$ (15,289)
Remeasurement of defined benefit plan	<u>1,146</u>	<u>314</u>
Total income tax recognized in other comprehensive income	<u>\$ (97,857)</u>	<u>\$ (14,975)</u>

c. Current tax liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax liabilities		
Income tax payable	<u>\$ 25,084</u>	<u>\$ 40,634</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Retirement pension	\$ 51,625	\$ (2)	\$ -	\$ 51,623
Defined benefit obligations	10,316	-	(1,146)	9,170
Payables for annual leave	473	32	-	505
Deferred expense	27	(27)	-	-
Unrealized gain or loss on foreign exchange	9,336	11,913	-	21,249
Exchange differences on the translation of the financial statements of foreign operations	59,553	-	99,003	158,556
Inventories write-downs	506	(506)	-	-
Others	<u>416</u>	<u>842</u>	<u>-</u>	<u>1,258</u>
	<u>\$ 132,252</u>	<u>\$ 12,252</u>	<u>\$ 97,857</u>	<u>\$ 242,361</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Fair value changes of financial assets at FVTPL	\$ 5,838	\$ (108)	\$ -	\$ 5,730
Net gain on investment accounted for using the equity method	250,840	39,658	-	290,498
Deferred revenue	6	(6)	-	-
Others	<u>62</u>	<u>-</u>	<u>-</u>	<u>62</u>
	<u>\$ 256,746</u>	<u>\$ 39,544</u>	<u>\$ -</u>	<u>\$ 296,290</u>

For the year ended December 31, 2020

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Retirement pension	\$ 51,624	\$ 1	\$ -	\$ 51,625
Defined benefit obligations	10,630	-	(314)	10,316
Payables for annual leave	468	5	-	473
Deferred expense	53	(26)	-	27
Unrealized gain or loss on foreign exchange	8,645	691	-	9,336
Exchange differences on the translation of the financial statements of foreign operations	44,264	-	15,289	59,553
Inventories write-downs	-	506	-	506
Others	<u>613</u>	<u>(197)</u>	<u>-</u>	<u>416</u>
	<u>\$ 116,297</u>	<u>\$ 980</u>	<u>\$ 14,975</u>	<u>\$ 132,252</u>

Deferred tax liabilities

Temporary differences				
Fair value changes of financial assets at FVTPL	\$ 3,376	\$ 2,462	\$ -	\$ 5,838
Net gain on investment accounted for using the equity method	195,420	55,420	-	250,840
Deferred revenue	2	4	-	6
Others	<u>46</u>	<u>16</u>	<u>-</u>	<u>62</u>
	<u>\$ 198,844</u>	<u>\$ 57,902</u>	<u>\$ -</u>	<u>\$ 256,746</u>

- e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Deductible temporary differences		
Gain or loss on investment in subsidiaries and associates accounted for using the equity method	<u>\$ 1,878,312</u>	<u>\$ 1,307,964</u>

- f. Income tax assessments

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

## 28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2021	2020
Basic earnings per share	<u>\$ 1.02</u>	<u>\$ 2.74</u>
Diluted earnings per share	<u>\$ 1.02</u>	<u>\$ 2.74</u>

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

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2021	2020
Profit for the year	\$ 657,848	\$ 1,764,366
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 657,848</u>	<u>\$ 1,764,366</u>

### Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share (deducted treasury shares)	644,540	643,427
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>556</u>	<u>630</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>645,096</u>	<u>644,057</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company 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.

## 29. 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 Company 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 Year Ended December 31, 2021			
	May 7, 2021		January 19, 2021	
	Number of Shares (In Thousands of Shares)	Weighted-average Exercise Price (\$)	Number of Shares (In Thousands of Shares)	Weighted-average Exercise Price (\$)
<b>Treasury Shares Granted to Employees</b>				
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 December 31	<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 Company 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 year ended December 31, 2021, the Company recognized \$15,428 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.

## 30. CASH FLOW INFORMATION

### a. Non-cash transactions

In 2020, the Company purchased the shares of associates. The related contingent consideration of \$50,000 has not yet been paid and was recognized under other payables.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Amortization of Interest Expense	Others	Closing Balance
			Remeasurement	New Leases			
Short-term borrowings	\$ 1,419,000	\$ (615,000)	\$ -	\$ -	\$ -	\$ -	\$ 804,000
Short-term bills payable	136,773	(2,000)	-	-	69	-	134,842
Long-term borrowings	5,301,250	(457,500)	-	-	-	-	4,843,750
Guarantee deposits received	24,570	(823)	-	-	-	-	23,747
Lease liabilities	<u>1,324,810</u>	<u>(45,515)</u>	<u>15,163</u>	<u>1,589</u>	<u>20,314</u>	<u>(20,314)</u>	<u>1,296,047</u>
	<u>\$ 8,206,403</u>	<u>\$ (1,120,838)</u>	<u>\$ 15,163</u>	<u>\$ 1,589</u>	<u>\$ 20,383</u>	<u>\$ (20,314)</u>	<u>\$ 7,102,386</u>

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Amortization of Interest Expense	Others	Closing Balance
			Remeasurement	New Leases			
Short-term borrowings	\$ 540,000	\$ 879,000	\$ -	\$ -	\$ -	\$ -	\$ 1,419,000
Short-term bills payable	269,758	(133,000)	-	-	15	-	136,773
Long-term borrowings	4,924,928	376,322	-	-	-	-	5,301,250
Guarantee deposits received	25,392	(822)	-	-	-	-	24,570
Lease liabilities	<u>1,347,770</u>	<u>(38,813)</u>	<u>11,852</u>	<u>4,001</u>	<u>20,949</u>	<u>(20,949)</u>	<u>1,324,810</u>
	<u>\$ 7,107,848</u>	<u>\$ 1,082,687</u>	<u>\$ 11,852</u>	<u>\$ 4,001</u>	<u>\$ 20,964</u>	<u>\$ (20,949)</u>	<u>\$ 8,206,403</u>

### 31. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company 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 Company's overall strategy remained unchanged in both 2021 and 2020.

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

The management of the Company 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. Followed the management's suggestion, the Company balances its overall capital structure by obtaining financing facilities from financial institutions and adjusting the amount of dividends paid to the shareholders.

### 32. FINANCIAL INSTRUMENTS

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

The Company'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 measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Listed shares in domestic market	\$ 371,538	\$ -	\$ -	\$ 371,538
Listed shares in foreign market	50,340	-	-	50,340
Mutual funds	<u>61,766</u>	<u>218,927</u>	<u>-</u>	<u>280,693</u>
	<u>\$ 483,644</u>	<u>\$ 218,927</u>	<u>\$ -</u>	<u>\$ 702,571</u>
Financial assets at FVTOCI				
Listed shares in domestic market	\$ 10,290,950	\$ -	\$ -	\$ 10,290,950
Unlisted shares in domestic market	<u>-</u>	<u>-</u>	<u>387,002</u>	<u>387,002</u>
	<u>\$ 10,290,950</u>	<u>\$ -</u>	<u>\$ 387,002</u>	<u>\$ 10,677,952</u>

December 31, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Listed shares in domestic market	\$ 334,856	\$ -	\$ -	\$ 334,856
Listed shares in foreign market	64,909	-	-	64,909
Mutual funds	<u>-</u>	<u>72,017</u>	<u>-</u>	<u>72,017</u>
	<u>\$ 399,765</u>	<u>\$ 72,017</u>	<u>\$ -</u>	<u>\$ 471,782</u>
Financial assets at FVTOCI				
Listed shares in domestic market	\$ 9,290,876	\$ -	\$ -	\$ 9,290,876
Unlisted shares in domestic market	<u>-</u>	<u>-</u>	<u>304,901</u>	<u>304,901</u>
	<u>\$ 9,290,876</u>	<u>\$ -</u>	<u>\$ 304,901</u>	<u>\$ 9,595,777</u>

There were no transfers between Levels 1 and 2 in 2021 and 2020.

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

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2021	\$ 304,901
Purchase	90,000
Recognized in other comprehensive income	<u>(7,899)</u>
Balance at December 31, 2021	<u>\$ 387,002</u>

For the year ended December 31, 2020

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2020	\$ 345,511
Purchase	10,000
Recognized in other comprehensive income	<u>(50,610)</u>
Balance at December 31, 2020	<u>\$ 304,901</u>

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

The Company 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 December 31, 2021 and 2020, the ranges of liquidity discount used were 20.86%-30.00% and 25.95%-30.00%, respectively.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 702,571	\$ 471,782
Financial assets measured at amortized cost (1)	2,161,204	2,047,740
Financial assets at FVTOCI		
Equity instruments	10,677,952	9,595,777
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	6,057,987	7,040,015
Contingent consideration of acquisition of associates (3)	-	50,000

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalent, notes receivable and trade receivables from unrelated parties and related parties, other receivables from unrelated parties and related parties, financial assets at amortized costs, and refundable deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes payable to unrelated parties, trade payables to unrelated and related parties, other payables to unrelated parties excluding payable for salaries and bonus, tax payable, payable for insurance, and payable for contingent consideration, other payables to related parties. current portion of long-term borrowings, long-term borrowings and guarantee deposits.
- 3) Refer to Note 14 for information about contingent consideration of acquisition of associates.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity securities, trade receivables, other financial assets, trade payables, lease liabilities and borrowings. The Company'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 Company 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 Company's management, which monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company'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 Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency transactions, which expose the Company 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 Company's net investments in foreign operations are strategic investments, the Company does not seek to hedge against the currency risk.

The carrying amounts of the Company's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 37.

Sensitivity analysis

The Company was mainly exposed to the USD, HKD, EUR and JPY.

The following table details the Company'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.

	<b>USD Impact</b>		<b>HKD Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Profit or loss	\$ 46,558 (i)	\$ 69,801 (i)	\$ 4 (ii)	\$ 144 (ii)

  

	<b>EUR Impact</b>		<b>JPY Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Profit or loss	\$ 8,573 (iii)	\$ 9,619 (iii)	\$ 34,683 (iv)	\$ 2,094 (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 HKD 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 Company's tests of sensitivity to changes in foreign exchange rates during the current period were mainly due to the increase in financial assets in JPY and the decrease in financial assets in USD, EUR, and HKD.

b) Interest rate risk

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

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Fair value interest rate risk		
Financial assets	\$ 2,320,992	\$ 2,843,242
Financial liabilities	1,834,889	2,480,583
Cash flow interest rate risk		
Financial assets	872,341	225,048
Financial liabilities	5,243,750	5,701,250

Sensitivity analysis

The sensitivity analysis below is based on the Company's exposure to interest rates of non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities 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 Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by \$10,929 thousand and \$13,690 thousand, respectively.

For the year ended December 31, 2021, the Company's sensitivity to interest rates decreased during the current period mainly due to the decrease in floating rate liabilities.

c) Other price risk

The Company 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 Company does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to equity price risk at the end of 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 year ended December 31, 2021 would have increased/decreased by \$3,310 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2021 would have increased/decreased by \$5,922 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 year ended December 31, 2021 would have increased/decreased by \$3,715 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2021 would have increased/decreased by \$100,857 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 year ended December 31, 2020 would have increased/decreased by \$1,374 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2020 would have increased/decreased by \$5,186 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 year ended December 31, 2020 would have increased/decreased by \$3,344 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2020 would have increased/decreased by \$90,771 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

Except for equity securities of Taiwan Cement Corporation, the Company's sensitivity to equity price as a result of the changes in fair value of financial assets at FVTPL increased due to the increase in the amount of such equity securities; the Company'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 Company'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 Company. At the end of the accounting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge their obligations and due to the financial guarantees provided by the Company, 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 Company.

The Company 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 Company 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 Company. As of December 31, 2021 and 2020, receivables from the top 10 customers accounted for 89% and 84%, respectively, of total receivables.

In order to minimize credit risk, the management of the Company 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 Company 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 Company'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 Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company 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 Company'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 Company 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.

#### December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 125,054	\$ 124,069	\$ 5,185	\$ -	\$ 21,087
Fixed interest rate liabilities	404,596	135,000	-	-	-
Lease liabilities	17,192	223	65,643	265,997	1,192,699
Variable interest rate liabilities	<u>405,873</u>	<u>9,433</u>	<u>618,550</u>	<u>3,909,960</u>	<u>462,358</u>
	<u>\$ 952,715</u>	<u>\$ 268,725</u>	<u>\$ 689,378</u>	<u>\$ 4,175,957</u>	<u>\$ 1,676,144</u>

Additional information about the maturity analysis of lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 83,058</u>	<u>\$ 265,997</u>	<u>\$ 325,015</u>	<u>\$ 325,015</u>	<u>\$ 325,015</u>	<u>\$ 217,654</u>

December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 147,905	\$ 54,662	\$ 6,235	\$ 2,280	\$ 21,910
Fixed interest rate liabilities	952,789	204,074	-	-	-
Lease liabilities	17,007	133	51,420	267,327	1,255,548
Variable interest rate liabilities	<u>205,633</u>	<u>10,979</u>	<u>703,162</u>	<u>4,427,438</u>	<u>584,879</u>
	<u>\$ 1,323,334</u>	<u>\$ 269,848</u>	<u>\$ 760,817</u>	<u>\$ 4,697,045</u>	<u>\$ 1,862,337</u>

Additional information about the maturity analysis of lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 68,560</u>	<u>\$ 267,327</u>	<u>\$ 322,203</u>	<u>\$ 322,203</u>	<u>\$ 322,203</u>	<u>\$ 288,939</u>

b) Financing facilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 830,000	\$ 1,481,000
Amount unused	<u>2,880,000</u>	<u>2,129,000</u>
	<u>\$ 3,710,000</u>	<u>\$ 3,610,000</u>
Secured bank overdraft facilities:		
Amount used	\$ 4,952,750	\$ 5,376,250
Amount unused	<u>531,000</u>	<u>665,000</u>
	<u>\$ 5,483,750</u>	<u>\$ 6,041,250</u>

**33. TRANSACTIONS WITH RELATED PARTIES**

In addition to those disclosed in the other notes, details of transactions between the Company and related parties are as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Taiwan Cement Corporation	The Company acts as a member of the board of directors (B.O.D.)
Tong Yang Chia Hsin International Corporation	Subsidiary
Chia Hsin Property Management & Development Corporation	Subsidiary

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Chia Pei International Corporation	Subsidiary
Jaho Life Plus+ Management Corp., Ltd.	Subsidiary
YJ International Corporation	Subsidiary
CHC Ryukyu Development GK	Subsidiary
CHC Ryukyu COLLECTIVE KK	Subsidiary
Chia Hsin Construction & Development Corp.	Associate
LDC ROME HOTELS S.R.L.	Associate
La Trinite Naturelle Corp.	Substantive related party

(Concluded)

b. Revenue

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2021</u>	<u>2020</u>
Service revenue	Subsidiaries (1)		
	Chia Hsin Property Management & Development Corporation	\$ 6,960	\$ 6,960
	Chia Pei International Corporation	2,775	2,775
	Tong Yang Chia Hsin International Corporation	3,036	3,036
	YJ International Corporation	-	360
	CHC Ryukyu COLLECTIVE KK	5,489	7,111
	CHC Ryukyu Development GK	-	157
	Jaho Life Plus+ Management Corp., Ltd.	<u>3,120</u>	<u>3,120</u>
		<u>\$ 21,380</u>	<u>\$ 23,519</u>
	Other revenue	The Company acts as a member of B.O.D.	
Taiwan Cement Corporation (3)		\$ 36,615	\$ 30,387
Subsidiaries			
Chia Pei International Corporation (2)		<u>93,615</u>	<u>92,387</u>
		<u>\$ 130,230</u>	<u>\$ 122,774</u>

- 1) The Company's service revenue comes from the management services provided to the related parties. According to the contract, the service fee is based on the amount of the relevant expenses and the additional 10% charge. The fee is paid monthly and the receipt is issued in current month.
- 2) To ensure the smooth operation of the wharf in the Port of Taipei and the facilities in the base, the Company signed an agreement with its subsidiaries for logistic and warehouse service and cooperative management in the port. The service fee is determined by taking the Company's investment and remuneration into consideration. Since April 1, 2020, the calculation of fee has been changed to be based on the amount per ton. The fee is settled monthly and paid quarterly. The receipt is issued in the same month when the fee is settled.
- 3) To ensure the smooth operation of cement silo in wharf No. 33 of the west bank in the Port of Keelung, the Company signed a management agreement with its associates. The fee is settled monthly and the receipt is issued in the next month.

c. Cost of goods sold

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Purchases of goods	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	\$ 696,400	\$ 453,720
Other operating cost	Subsidiaries		
	Tong Yang Chia Hsin International Corporation (1)	\$ 69,045	\$ 71,442
	Chia Pei International Corporation (2)	18,634	13,976
		\$ 87,679	\$ 85,418

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.

- 1) To ensure the smooth operation of cement silo in wharf No. 33 of the west bank in the Port of Keelung, the Company signed a management agreement with its subsidiaries. The fee is billed monthly and paid in the next month. In addition, to supply cement to Taichung and its surrounding area, the Company signed an agreement with its subsidiaries in 2003 for the logistic and warehouse service. The stock and distribution center in wharf No. 27 in the Port of Taichung takes charge of such service. The fee is billed at the end of each quarter and paid in the next month.
- 2) The Company consigned partial warehousing and storage services in Port of Taipei to its subsidiaries. The fee is billed at the end of each quarter and paid in the next month.

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

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade receivables	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	\$ 10,064	\$ 2,686
	Subsidiaries		
	Chia Pei International Corporation	5,085	7,562
	Others	1,646	1,632
		\$ 16,795	\$ 11,880
Other receivables	Subsidiaries		
	Tong Yang Chia Hsin International Corporation	\$ 3,495	\$ 2,700
	Chia Hsin Property Management & Development Corporation	4,625	6,960
	Others	25	-
	Associates	317	593
		\$ 8,462	\$ 10,253

(Continued)



Line Item	Related Party Category/Name	December 31	
		2021	2020
Other receivables under linked-tax system (other receivables from related parties)	Subsidiaries Chia Hsin Property Management & Development Corporation	\$ <u>35,512</u>	\$ <u>36,940</u>
(Concluded)			

The outstanding trade and other receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized on trade and other receivables from related parties.

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

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade payables	Subsidiaries	\$ 5,664	\$ 6,483
	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	<u>123,932</u>	<u>73,132</u>
		<u>\$ 129,596</u>	<u>\$ 79,615</u>
Other payables	Subsidiaries		
	Chia Hsin Property Management & Development Corporation	\$ 20,715	\$ 19,580
	Others	112	-
	Substantive related parties	<u>72</u>	<u>-</u>
		<u>\$ 20,899</u>	<u>\$ 19,580</u>

The outstanding trade and other payables to related parties are unsecured.

f. Loans to related parties

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

The Company provided its associates with unsecured short-term loans at rates comparable to market interest rates. As of December 31, 2021 and 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 years ended December 31, 2021 and 2020, the interest income from the loans was \$112 thousand and \$710 thousand, respectively.

g. Acquisitions of financial assets

For the year ended December 31, 2020

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
Subsidiaries				
Jaho Life Plus+ Management Corp., Ltd.	Investments accounted for using the equity method	10,000,000	Jaho Life Plus+ Management Corp., Ltd.	\$ 100,000
Associates				
LDC ROME HOTELS S.R.L.	Investments accounted for using the equity method	-	LDC ROME HOTELS S.R.L.	<u>37,120</u>
				<u>\$ 137,120</u>

h. Sublease arrangements

Sublease arrangements under finance lease

The Company subleases its right-of-use assets on the wharf and the facilities in the Port of Taipei to its associate - Chia Pei International Corporation with a lease term of 35 years and 5 months, and the net investment in the leases was \$1,358,230 thousand at the inception of the lease. For the years ended December 31, 2021 and 2020, no impairment loss was recognized on finance lease receivable from related parties.

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2021</b>	<b>2020</b>
Finance lease receivables	Subsidiaries Chia Pei International Corporation	<u>\$ 1,285,566</u>	<u>\$ 1,311,442</u>

Interest income was as follows:

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Subsidiaries Chia Pei International Corporation	<u>\$ 20,132</u>	<u>\$ 20,737</u>

i. Other related party transactions

1)

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2021</b>	<b>2020</b>
Rental expense	Subsidiaries	<u>\$ 9,372</u>	<u>\$ 8,572</u>
Operating expense - entertainment	Substantive related parties	<u>\$ 950</u>	<u>\$ -</u>
The remuneration of directors and supervisors (other income)	Subsidiaries The Company acts as a member of the B.O.D. Associates	\$ 8,119 25,696 <u>436</u>	\$ 7,900 24,543 <u>657</u>
		<u>\$ 34,251</u>	<u>\$ 33,100</u>

The Company leased office from its subsidiaries; and the lease agreements were negotiated by both sides of the parties. The lease payment is due monthly.

The Company served as director of related parties. The remuneration of directors and supervisors is certified and distributed by the B.O.D. in the next year under the Articles of Incorporation of related parties.

2)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Dividends (the credit item of investments accounted for using the equity method)	Subsidiaries	\$ 2,021,027	\$ 744,703
	Associates	<u>15,729</u>	<u>47,189</u>
		<u>\$ 2,036,756</u>	<u>\$ 791,892</u>
Dividends revenue	The Company acts as a member of the B.O.D.	<u>\$ 733,777</u>	<u>\$ 518,874</u>

j. Endorsements and guarantees

Endorsements and guarantees provided by the Company

	December 31			
	2021		2020	
	Amount Utilized	Amount Endorsed	Amount Utilized	Amount Endorsed
Subsidiaries				
Chia Hsin Property Management & Development Corporation	\$ -	\$ -	\$ -	\$ 1,480,000
CHC Ryukyu Development GK	192,400	408,850	138,150	607,860
CHC Ryukyu COLLECTIVE KK	1,202,500	1,322,750	1,049,940	1,657,800
Associates				
LDC ROME HOTELS S.R.L.	<u>300,672</u>	<u>340,000</u>	<u>357,204</u>	<u>447,600</u>
	<u>\$ 1,695,572</u>	<u>\$ 2,071,600</u>	<u>\$ 1,545,294</u>	<u>\$ 4,193,260</u>

Endorsements and guarantees given by the subsidiaries

	December 31			
	2021		2020	
	Amount Utilized	Amount Endorsed	Amount Utilized	Amount Endorsed
Subsidiaries				
Chia Hsin Property Management & Development Corporation	<u>\$ 5,052,750</u>	<u>\$ 6,640,000</u>	<u>\$ 5,376,250</u>	<u>\$ 6,640,000</u>

For the years ended December 31, 2021 and 2020, the service fee on the endorsements and guarantees between the Company and subsidiaries are as follows:

	<b>Endorsements and Guarantees Provided by the Company (Other Income)</b>		<b>Endorsements and Guarantees Provided by Related Parties (Other Gains and Losses)</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Subsidiaries				
Chia Hsin Property Management & Development Corporation	<u>\$ 11</u>	<u>\$ 1,675</u>	<u>\$ 19,698</u>	<u>\$ 18,619</u>

The Company signed short and medium-term guaranteed loan contracts with First Commercial Bank, Cathay United Bank, Bank SinoPac, China Trust Commercial Bank and Taiwan Cooperative Bank. The loans are secured by the land and the buildings of subsidiaries.

k. Remuneration of key management personnel

The Remuneration of key management personnel are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 46,668	\$ 52,287
Share-based payment	<u>3,816</u>	<u>-</u>
	<u>\$ 50,484</u>	<u>\$ 52,287</u>

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

### 34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Financial assets at amortized cost - non-current	<u>\$ 9,476</u>	<u>\$ 9,476</u>

### 35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

As of December 31, 2021 and 2020, the Company had bank guarantees of both \$153,034 thousand issued under its name for the operations in the ports.

- b. 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.

### 36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company completed the dissolution registration of subsidiary Yonica Pte Ltd. on February 2, 2022.

### 37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 33,640	27.68 (USD:NTD)	\$ 931,165
HKD	20	3.5506 (HKD:NTD)	71
EUR	5,474	31.32 (EUR:NTD)	171,459
JPY	2,884,259	0.2405 (JPY:NTD)	693,664
Non-monetary items			
Investments accounted for using the equity method			
EUR	9,232	31.32 (EUR:NTD)	289,131
USD	82,337	27.68 (USD:NTD)	2,279,076
Financial assets at FVTPL			
USD	10,141	27.68 (USD:NTD)	280,693
HKD	14,178	3.5506 (HKD:NTD)	50,340

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 49,018	28.48 (USD:NTD)	\$ 1,396,024
HKD	785	3.6730 (HKD:NTD)	2,883
EUR	5,493	35.02 (EUR:NTD)	192,378
JPY	151,541	0.2763 (JPY:NTD)	41,871

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
Non-monetary items			
Investments accounted for using the equity method			
EUR	\$ 10,489	35.02 (EUR:NTD)	\$ 367,335
USD	82,228	28.48 (USD:NTD)	2,341,844
Financial assets at FVTPL			
USD	2,529	28.48 (USD:NTD)	72,017
HKD	17,672	3.6730 (HKD:NTD)	64,909
			(Concluded)

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were \$105,687 thousand and \$48,103 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.

### 38. OTHERS

#### a. Important contracts

The Company 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 the 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 Company 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 Company 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 Company 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 Company'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 guarantees volume for transporting eastern sand and gravel to the north).

- b. The Company entered into a contract with CHC Resources Corporation on December 1, 2014 to jointly operate the storage and transport of slag powder and its related products at the Port of Taipei. The contract term is valid until May 10, 2045. Upon expiration of the contract, CHC Resources Corporation will be given priority to negotiate a new contract under the premise that the Company extends its contract with the Harbor Bureau. CHC Resources Corporation pays various fees to the Company in accordance with the contract. Unless otherwise specified in the contract, in the event that any party cannot perform its contractual obligations (e.g., due to a financial crisis, changes in market supply and demand, or other unforeseeable circumstances), the contract may be terminated in advance with the consent of the other party.

- c. In order to satisfy the demand for cement in the northern part of Taiwan, the Company leased from Taiwan International Ports Co., Ltd. the land measuring 5,900.35 square meters at West of Wharf No. 33 of the Port of Keelung. The Company committed to build silos, loading and unloading equipment at 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 Company 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 Company 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 Company has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Company should pay the land use and administrative fees monthly, which will be adjusted according to the adjustment of loading fee in the port.
- d. For the Company's business strategy, the Company entered into a name-borrowing contract with its wholly-owned subsidiary Bluesky Co., Ltd. ("Bluesky"), so the Company may purchase real estate registered under the name of Bluesky. The Company retains the right to manage, use and dispose of the real estate, and Bluesky may not transfer the ownership to third party or create an encumbrance on the real estate without prior written consent from the Company. The original ownership certificate, transfer registration documents, and seal used for registration shall be under the custody of the Company or a person designated by the Company. Bluesky shall handle, manage, use or dispose the real estate in accordance with the instructions of the Company. Any income from the use and/or disposal of the real estate shall belong to the Company. The Company may request to return or transfer part of or the entire ownership of the real estate to the Company or third party designated by the Company at any time. Bluesky guarantees that no third party (including but not limited to the creditors of Bluesky) will petition to seize, hold or claim any other rights over the real estate. In the event a third party petitions to seize, hold or claim any other rights over the real estate, Bluesky shall prevent the third party from exercising or claiming the said rights, and protect the Company from sustaining any damages. Bluesky shall be fully liable for any damages the Company sustains, including but not limited to loss and damage due to being unable to return or transfer ownership of the real estate to the Company or a third party designated by the Company, and reasonable attorney's fees.
- e. Affected by the global COVID-19 pandemic, various epidemic prevention procedures implemented successively by various counties have a impact on the Company's business. Although the domestic epidemic has slowed down and government policies have been loosened, the global economic outlook remains uncertain. The Company has adopted relevant actions to reduce the impact on the Company'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 Company will be determined on the subsequent development of the epidemic.

In terms of financing strategy, as of December 31, 2021, the unutilized bank financing line of the Company is NT\$3,411,000 thousand, and the Company has no concern about financing difficulties. As the epidemic slows down and policies loosen, the Company expects operations will return to normal gradually. The Company 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 Company.

### 39. 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) 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 7)
  - 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 8)

## CHIA HSIN CEMENT CORPORATION

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 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	\$ -	-	\$ -	\$ 3,753,805	\$ 10,010,147

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 December 31, 2021.

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

## CHIA HSIN CEMENT CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 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 (Note 2)	Chia Hsin Property Management & Development Corporation	b.	\$ 7,747,805 (Paid-in capital)	\$ 1,480,000	\$ -	\$ -	\$ -	-	\$ 25,025,368	Yes	No	No
		LDC ROME HOTELS S.R.L.	f.	7,747,805 (Paid-in capital)	787,600	340,000	300,672	-	1.36%	25,025,368	No	No	No
		CHC Ryukyu Development GK	b.	7,747,805 (Paid-in capital)	958,230	408,850	192,400	-	1.63%	25,025,368	Yes	No	No
		CHC Ryukyu COLLECTIVE KK	b.	7,747,805 (Paid-in capital)	2,825,550	1,322,750	1,202,500	-	5.29%	25,025,368	Yes	No	No
1	Chia Hsin Property Management & Development Corporation (Note 3)	Chia Hsin Cement Corporation	c.	25,025,368	6,640,000	6,640,000	5,052,750	6,640,000	26.53%	25,025,368	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 guarantees 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 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.

## CHIA HSIN CEMENT CORPORATION

## MARKETABLE SECURITIES HELD

DECEMBER 31, 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	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Hsin Cement Corporation	<u>Shares</u> Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTPL - current	7,740,307	\$ 371,535	0.12	\$ 371,535	
	Asia Cement Corporation		Financial assets at FVTPL - current	71	3	-	3	
	<u>Foreign shares</u> Anhui Conch Cement Co., Ltd.		Financial assets at FVTPL - current	364,000	50,340	0.01	50,340	
	<u>Foreign fund</u> Greenwoods Golden China Fund - Unrestricted Class A (0518)		Financial assets at FVTPL - current	3,340	38,724	-	38,724	
	JPMorgan Funds - Russia		Financial assets at FVTPL - current	81,593	38,439	-	38,439	
	JPMorgan Funds - ASEAN Fund		Financial assets at FVTPL - current	2,697	11,277	-	11,277	
	JPMorgan Funds - Pacific Technology Fund		Financial assets at FVTPL - current	3,769	12,050	-	12,050	
	The Partners Fund - Class N-N (Series 27)		Financial assets at FVTPL - current	2,453	91,882	-	91,882	
	Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC - Class A ACC - (Series 27)		Financial assets at FVTPL - current	1,420	55,987	-	55,987	
	Haitong Freedom Multi-Tranche Bond Fund - P3M		Financial assets at FVTPL - current	11,572	32,334	-	32,334	
	<u>Shares</u> Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - current	25,400,783	1,219,238	0.40	1,219,238	
	CHC Resources Corporation		Financial assets at FVTOCI - current	4,285,694	194,356	1.72	194,356	
	Chien Kuo Construction Co., Ltd.		Financial assets at FVTOCI - current	771,256	10,875	0.30	10,875	
	<u>Shares</u> Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - non-current	184,718,366	8,866,481	2.92	8,866,481	
	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	23,975	2.38	23,975	
	Chia Hsin Ready-Mixed Concrete Corporation		Financial assets at FVTOCI - non-current	12,718,440	249,027	13.71	249,027	
	Overseas Investment & Development Corp.		Financial assets at FVTOCI - non-current	2,000,000	14,000	2.22	14,000	
	Smart Ageing Tech Co., Ltd.		Financial assets at FVTOCI - non-current	3,600,000	90,000	11.17	90,000	
	Asia Pacific Gongshanglian Corporation Limited		Financial assets at FVTOCI - non-current	21,090	-	0.03	-	
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	-			

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Tong Yang Chia Hsin International Corporation	<u>Shares</u> Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTPL - current	13,591,719	652,403	0.21	652,403	
	<u>Foreign fund</u> Haitong Freedom Multi-Tranche Bond Fund - P3M		Financial assets at FVTPL - current	11,572	32,334	-	32,334	
	<u>Shares</u> Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - current	32,457,173	1,557,944	0.51	1,557,944	
	Chia Hsin Cement Corporation		Parent company	Financial assets at FVTOCI - non-current	127,370,320	2,642,934	16.44	2,642,934
	Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - non-current	60,242,447	2,891,638	0.95	2,891,638	
	IBT Second Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	725,493	4,353	2.30	4,353	
Kaohsiung Tug and Port Service Corp.		Financial assets at FVTOCI - non-current	350,000	2,971	0.88	2,971		

Note 1: For the information about subsidiaries, associates and joint ventures, refer to Table 6 and Table 7.

Note 2: All the marketable securities as shown above have not been pledged as collateral.

(Concluded)

**CHIA HSIN CEMENT CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes Receivable (Payable)/Trade Receivables (Payables)		Note
			Purchases/Sales	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	\$ 696,400	69	60 days from the purchase day	N/A (equal to the price for other clients)	N/A (same as the term for other clients)	\$ (123,932)	(55)	

**CHIA HSIN CEMENT CORPORATION**

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

**DECEMBER 31, 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	\$ 1,285,566 (Note 1)	-	\$ -	-	\$ 14,361	\$ -

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

Note 2: The amount received in subsequent period as of March 22, 2022.

## CHIA HSIN CEMENT CORPORATION

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income/(Loss) of the Investee	Share of Profit/(Loss) of Investee	Remark
				December 31, 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	\$ 1,870,402	\$ 114,794	\$ 50,360	(Notes 3)
	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	6,725,581	663,321	578,288	Subsidiary
	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	3,963,806	138,355	138,355	Subsidiary
	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	220,413	22,721	22,721	Subsidiary
	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	84,072	608	608	Subsidiary
	Chia Hsin Pacific Limited	Cayman Islands	Holding company	969,104	969,104	19,186,070	74.16	2,279,077	279,890	207,552	Subsidiary
	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	886,562	(366,475)	(366,475)	Subsidiary
	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	188,142	(36,903)	(36,903)	Subsidiary
	LDC ROME HOTELS S.R.L.	Rome, Italy	Hospitality industry	NT\$ 534,653 (EUR 17,070,667)	NT\$ 534,653 (EUR 17,070,667)	-	40.00	289,131	(104,258)	(41,703)	(Note 3)
	L'Hotel De Chine Corporation	11F, No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Hotel and tourism	1,157,340	1,157,340	67,998,915	23.10	1,032,448	(603,476)	(134,533)	(Note 3)
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	118,091	13,023	2,517		
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	251,494	4,857	4,857	Second-tier subsidiary
YJ International Corporation	CHC Ryukyu Development GK	2 Chome-1-12 Matsuyama, Naha, Okinawa, Japan	Real estate rental and leasing; management consulting service	NT\$ 235,588 (JPY 979,575,335)	NT\$ 235,588 (JPY 979,575,335)	-	100.00	135,129	(4,863)	(4,863)	Second-tier subsidiary
	CHC Ryukyu COLLECTIVE KK	2 Chome-1-12 Matsuyama, Naha, Okinawa, Japan	Hospitality industry	NT\$ 1,688,412 (JPY 7,020,424,665)	NT\$ 1,688,412 (JPY 7,020,424,665)	-	100.00	680,488	(357,102)	(357,102)	Second-tier subsidiary
Chia Hsin Pacific Limited	Yonica Pte Ltd.	Singapore	Investment and holding company	NT\$ - (US\$ -)	NT\$ 1,842,138 (US\$ 66,551,243)	-	-	NT\$ - (US\$ -)	NT\$ 27,500 (US\$ 981,827)	NT\$ 27,500 (US\$ 981,827)	Second-tier subsidiary (Note 4)
	Effervesce Investment Pte. Ltd.	Singapore	Investment and holding company	NT\$ 860,257 (US\$ 31,078,656)	NT\$ 860,257 (US\$ 31,078,656)	53,274,892	100.00	NT\$ 1,370,996 (US\$ 49,530,200)	NT\$ (36,601) (US\$ -1,306,764)	NT\$ (36,601) (US\$ -1,306,764)	Second-tier subsidiary
	Sparkview Pte. Ltd.	Singapore	Investment and holding company	NT\$ 79,506 (US\$ 2,872,328)	NT\$ 79,506 (US\$ 2,872,328)	3,763,350	100.00	NT\$ 174,239 (US\$ 6,294,747)	NT\$ 2,467 (US\$ 88,067)	NT\$ 2,467 (US\$ 88,067)	Second-tier subsidiary
Tong Yang Chia Hsin International Corporation	International Chia Hsin Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; general investment	36,642	36,642	6,052,636	20.18	135,218	13,023	2,629	
	Tong Yang Chia Hsin Marine Corp.	Panama	Shipping service	NT\$ 74,736 (US\$ 2,700,000)	NT\$ 74,736 (US\$ 2,700,000)	2,700	100.00	448,046	1,786	1,786	Second-tier subsidiary
	Chia Hsin Pacific Limited	Cayman Islands	Holding company	626,119	626,119	6,257,179	24.18	743,278	279,890	67,689	Subsidiary

Note 1: For information on investments in mainland China, refer to Table 7.

Note 2: The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2021: US\$1=NT\$27.680, JPY1=NT\$0.2405, EUR1=NT\$31.32; net income items denominated in foreign currencies are translated using the average exchange rate of 2021: US\$1=NT\$28.009, JPY1=NT\$0.2550, EUR1=NT\$33.157.

Note 3: Material associates.

Note 4: The liquidation of the Company was resolved by the board of directors on April 20, 2021, and the dissolution registration was completed on February 2, 2022.

Note 5: Except for Yonica Pte Ltd., of which the highest number of shares is 104,908,690 during the period, the highest number of shares held of each investee during the period is the same as those held at the end of the period, and all the shares held are not pledged as collateral.



## CHIA HSIN CEMENT CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 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 December 31, 2021 (Note 1 (a.))	Accumulated Repatriation of Investment Income as of December 31, 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	\$ 234,173 (US\$ 8,460)	b. and d.	\$ 352,145 (US\$ 12,722)	\$ - (US\$ -)	\$ - (US\$ -)	\$ 352,145 (US\$ 12,722)	\$ 8,167 (US\$ 292)	95.23	\$ 8,167 (US\$ 292)	\$ 520,945 (US\$ 18,820)	\$ - (US\$ -)	Note 1 (b.) (2)
Shanghai Chia Hsin Ganghui Co., Ltd.	Warehousing and packing bulk cement and formulating and delivering high-strength cement	290,640 (US\$ 10,500)	b.	444,707 (US\$ 16,066)	- (US\$ -)	- (US\$ -)	444,707 (US\$ 16,066)	7,995 (US\$ 285)	95.23	7,995 (US\$ 285)	430,062 (US\$ 15,537)	- (US\$ -)	Note 1 (b.) (2)
Shanghai Chang Hsin Shipping Co., Ltd. (Note 5)	Delivering cement	- (US\$ -)	b.	84,839 (US\$ 3,065)	- (US\$ -)	- (US\$ -)	84,839 (US\$ 3,065)	(1,368) (US\$ -49)	-	(547) (US\$ -20)	- (US\$ -)	- (US\$ -)	Note 1 (b.) (2) and Note 7
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Consulting for developing information system for business and finance purpose	479,141 (US\$ 17,310)	b.	733,437 (US\$ 26,497)	- (US\$ -)	- (US\$ -)	733,437 (US\$ 26,497)	(56,264) (US\$ -2,009)	95.23	(55,623) (US\$ -1,986)	493,540 (US\$ 17,830)	- (US\$ -)	Note 1 (b.) (2)
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Consulting for management of healthcare and hospitality business	251,807 (RMB 58,000)	f. Investor: Chia Hsin Business Consulting (Shanghai) Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(57,102) (US\$ -2,039)	95.23	(57,102) (US\$ -2,039)	137,911 (US\$ 4,982)	- (US\$ -)	Note 1 (b.) (2)
Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd.	Providing healthcare service to mothers in pregnancy, parturition and postpartum period	182,343 (RMB 42,000)	f. Investor: Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(21,886) (US\$ -781)	95.23	(21,886) (US\$ -781)	127,997 (US\$ 4,624)	- (US\$ -)	Note 1 (b.) (2)
Jiapeng Gemcare Maternity (Suzhou) Co., Ltd.	Providing healthcare service to mothers in pregnancy, parturition and postpartum period	43,415 (RMB 10,000)	f. Investor: Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(31,751) (US\$ -1,134)	95.23	(31,751) (US\$ -1,134)	3,736 (US\$ 135)	- (US\$ -)	Note 1 (b.) (2)
Jiangsu Union Mining Industry Ltd. (Note 6)	Processing, manufacturing and delivering of limestone and other related products	- (RMB -)	c.	137,570 (US\$ 4,970)	- (US\$ -)	- (US\$ -)	137,570 (US\$ 4,970)	- (US\$ -)	-	- (US\$ -)	- (US\$ -)	- (US\$ -)	

(Continued)

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 December 31, 2021 (Note 1 (a.))	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 (a.))	Carrying Amount as of December 31, 2021 (Note 1 (a.))	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward (Note 1 (a.))	Inward (Note 1 (a.))							
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	\$ 365,376 (US\$ 13,200)	e.	\$ 383,285 (US\$ 13,847)	\$ - (US\$ -)	\$ - (US\$ -)	\$ 383,285 (US\$ 13,847)	\$ 4,649 (US\$ 166)	87.18	\$ 4,649 (US\$ 166)	\$ 441,630 (US\$ 15,955)	\$ - (US\$ -)	Note 1 (b.) (2)
Jiangsu Jiaxin Property Limited Company	Developing and selling real estate and providing property management service	86,830 (RMB 20,000)	f. Investor: Jiangsu Jiaguo Construction Material Storage Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	353 (US\$ 13)	87.18	353 (US\$ 13)	94,065 (US\$ 3,398)	- (US\$ -)	Note 1 (b.) (2)

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

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 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)
\$ 6,357,210 (US\$ 229,668)	\$ 6,425,192 (US\$ 232,124)	\$15,546,140

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

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 December 31, 2021: US\$1=\$27.680, RMB1=\$4.341493; net income items denominated in foreign currencies are translated using the average exchange rate of 2021: US\$1=\$28.009, RMB1=\$4.341679.

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

- 1) The investment income (loss) is recognized based on the financial statements audited 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 audited 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 invests 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 invests 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 invests 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 share-for-share transaction with Taiwan Cement Corporation to get rid of the investment via TCC International Holdings Ltd. in mainland China. The result of the share-for-share 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.

(Continued)

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 investment in associates accounted for using the equity method.

Note 8: Including the gains and losses recognized by using the equity method and the gains and losses on internal unrealized transactions.

Note 9: The highest number of shares held of each investee during the period is the same as those held at the end of the period, and all the shares held are not pledged as collateral.

(Concluded)

**TABLE 8****CHIA HSIN CEMENT CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 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 preference 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 shares recorded in the financial statements could be different from that registered as dematerialized security.

# CHIA HSIN CEMENT CORPORATION

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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<u>Item</u>	<u>Statement Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss - current	2
Statement of financial assets at fair value through other comprehensive income - current	3
Statement of notes receivable	4
Statement of trade receivables	5
Statement of other receivables	Note 10
Statement of inventories	6
Statement of prepayments	Note 19
Statement of financial assets at amortized cost - current	7
Statement of financial assets at fair value through other comprehensive income - non-current	8
Statement of changes in investments accounted for using the equity method	9
Statement of changes in right-of-use assets	10
Statement of changes in property, plant and equipment	Note 15
Statement of changes in investment properties	Note 17
Statement of changes in intangible assets	Note 18
Statement of deferred tax assets	Note 27
Statement of refundable deposits	11
Statement of financial assets at amortized cost - non-current	12
Statement of other assets	Note 19
Statement of short-term borrowings	13
Statement of short-term bills payable	14
Statement of notes payable	15
Statement of trade payables	16
Statement of other payables	17
Statement of contract liabilities	18
Statement of long-term borrowings	19
Statement of current portion of long-term borrowings	20
Statement of lease liabilities	21
Statement of guarantee deposits	22
Statement of deferred tax liabilities	Note 27
Major Accounting Items in Profit or Loss	
Statement of operating revenue	23
Statement of operating costs	24
Statement of operating expenses	25
Statement of other operating income and expenses	Note 26
Statement of finance costs	Note 26
Statement of labor, depreciation, depletion and amortization by function	26

**CHIA HSIN CEMENT CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Summary	Amount
Cash		
NTD		\$ 579
Bank deposits		
Checking accounts		27,828
Demand deposits		
NTD		2,359
USD	US\$162,524 @27.68	4,499
JPY	JPY2,884,258,864 @0.2405	693,664
EUR	EUR5,474,429 @31.32	171,459
HKD	HK\$20,124 @3.5506	72
RMB	RMB4,300 @4.3415	19
Cash equivalents		
Time deposits with original maturities of 3 months or less	Including US\$400,053 @27.68 with interest rates of 0.09%-0.17%, expired by March 17, 2022 and NT\$100,000 with an interest rate of 0.38%, expired by March 12, 2022.	111,073
Repurchase agreements collateralized by bonds	US\$1,000,289 @27.68 with an interest rate of 0.33%, expired by January 21, 2022.	<u>27,688</u>
		<u>\$ 1,039,240</u>

## CHIA HSIN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT  
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

Name of Financial Instruments	Summary	Number of Shares	Par Value	Total Amount	Cost of Acquisition	Fair Value	
						Unit Price	Total Amount
Financial assets at fair value through profit or loss							
Shares	Asia Cement Corporation	71	\$ 10	\$ -	\$ -	44.30	\$ 3
	Taiwan Cement Corporation	7,740,307	10	77,403	214,748	48.00	371,535
	Anhui Conch Cement Co., Ltd.	364,000	RMB 1	45,598	45,598	138.297	50,340
Mutual fund - beneficiary certificates	Haitong Freedom Multi-Tranche Bond Fund - P3M	11,572	-	-	32,466	2,794.05	32,334
	Greenwoods Golden China Fund - Unrestricted Class A (0518)	3,340	-	-	29,745	11,594.60	38,724
	JPMorgan Funds - Russia	81,593	-	-	35,300	471.11	38,439
	JPMorgan Funds - ASEAN Fund	2,697	-	-	11,296	4,182.17	11,277
	JPMorgan Funds - Pacific Technology Fund	3,769	-	-	14,120	3,197.04	12,050
	The Partners Fund - Class N-N (Series 27)	2,453	-	-	85,858	37,459.84	91,882
	Blackstone Real Estate Income Trust iCapital Offshore Access Fund	1,420	-	-	47,999	39,437.22	55,987
	SPC - Class A ACC - (Series 14)						
				<u>\$ 123,001</u>	517,130		<u>\$ 702,571</u>
Valuation adjustment of financial assets at fair value through profit or loss					<u>185,441</u>		
						<u>\$ 702,571</u>	

## CHIA HSIN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

Name of Financial Instruments	Summary	Number of Shares	Par Value	Carrying Amount	Cost of Acquisition	Fair Value	
						Unit Price	Total Amount
Shares	Taiwan Cement Corporation	25,400,783	\$ 10	\$ 254,008	\$ 704,518	48.00	\$ 1,219,238
	CHC Resources Corporation	4,285,694	10	42,857	180,241	45.35	194,356
	Chien Kuo Construction Co., Ltd.	771,256	10	7,713	11,930	14.10	10,875
					896,689		<u>\$ 1,424,469</u>
					527,780		
Valuation adjustment of financial assets at fair value through other comprehensive income							<u>\$ 1,424,469</u>



**CHIA HSIN CEMENT CORPORATION****STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Summary</b>	<b>Amount</b>
Unrelated parties		
Lian Hsin Construction Materials Co., Ltd.	Domestic sales of cement	\$ 53,703
Goldsun Building Materials Co., Ltd.	Domestic sales of cement	35,585
Dong Cheng Building Materials Co., Ltd.	Domestic sales of cement	10,328
Liang Bang Building Materials Co., Ltd.	Domestic sales of cement	7,133
Huei You Cement Co., Ltd.	Domestic sales of cement	7,403
Others	Domestic sales of cement	<u>23,357</u>
		137,509
Less: Allowance for doubtful accounts		<u>(1,375)</u>
		<u>\$ 136,134</u>

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

**CHIA HSIN CEMENT CORPORATION****STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Summary</b>	<b>Amount</b>
Unrelated parties		
Goldsun Building Materials Co., Ltd.	Domestic sales of cement	\$ 7,072
CHC Resources Corporation	Warehousing and storage	5,717
Huei You Cement Co., Ltd.	Domestic sales of cement	5,022
Lian Hsin Construction Materials Co., Ltd.	Domestic sales of cement	1,973
Others	Domestic sales of cement	<u>959</u>
		20,743
Less: Allowance for doubtful accounts		<u>(207)</u>
		<u>\$ 20,536</u>
Related parties		
Taiwan Cement Corporation	Warehousing and storage	\$ 10,064
Chia Pei International Corporation	Technical services and warehousing and storage	5,085
Others	Technical services	<u>1,646</u>
		<u>\$ 16,795</u>

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

**CHIA HSIN CEMENT CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Summary</b>	<b>Amount</b>	
		<b>Cost</b>	<b>Net Realizable Value</b>
Finished goods (Note)	Cement	\$ 46,049	\$ 51,192
Raw materials (Note)	Packing materials etc.	<u>975</u>	<u>967</u>
		<u>\$ 47,024</u>	<u>\$ 52,159</u>

Note: Inventories are measured at the lower of cost or net realizable value.

**CHIA HSIN CEMENT CORPORATION****STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

---

<b>Item</b>	<b>Summary</b>	<b>Amount</b>
Time deposits with original maturities of more than 3 months USD	US\$32,061,333 @27.68 with interest rates of 0.12%-0.30%, expired by June 30, 2022.	<u>\$ 887,458</u>

## CHIA HSIN CEMENT CORPORATION

## STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

Name	Summary	Balance, January 1, 2021		Addition		Decrease		Others (Note)	Balance, December 31, 2021	
		Number of Shares	Fair Value	Number of Shares	Amount	Number of Shares	Amount		Number of Shares	Fair Value
Shares	Taiwan Cement Corporation	184,718,366	\$ 7,979,833	-	\$ -	-	\$ -	\$ 886,648	184,718,366	\$ 8,866,481
	Pan Asian (Engineers & Constructors) Corporation	2,718,217	21,664	-	-	-	-	2,311	2,718,217	23,975
	B Current Impact Investment Fund 3	1,000,000	10,000	-	-	-	-	-	1,000,000	10,000
	Chia Hsin Ready-Mixed Concrete Corporation	12,718,440	256,277	-	-	-	-	(7,250)	12,718,440	249,027
	Overseas Investment & Development Corp.	2,000,000	16,960	-	-	-	-	(2,960)	2,000,000	14,000
	Smart Ageing Tech Co., Ltd.	-	-	3,600,000	90,000	-	-	-	3,600,000	90,000
	Huatung Heping River Mining Industry Development Co., Ltd.	9,350	-	-	-	-	-	-	9,350	-
	Asia Pacific Gongshanglian Corporation Limited	21,090	-	-	-	-	-	-	21,090	-
	Chia Hsin Livestock Corp.	6,600,000	-	-	-	-	-	-	6,600,000	-
			<u>\$ 8,284,734</u>		<u>\$ 90,000</u>		<u>\$ -</u>	<u>\$ 878,749</u>		<u>\$ 9,253,483</u>

Note: The unrealized valuation adjustment of financial assets at fair value through other comprehensive income.

## CHIA HSIN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

	Balance, January 1, 2021		Addition		Decrease		Using the Equity Method			Balance, December 31, 2021			Market Price or Net Equity Value		Collateral	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Investment (Loss) Income (Note 1)	Exchange Differences	Others (Notes 2 and 3)	Number of Shares	Ownership %	Amount	Unit Price	Total Amount		
Investments accounted for using the equity method																
International Chia Hsin Corporation	5,800,000	\$ 112,156	-	\$ -	-	\$ -	\$ 2,517	\$ -	\$ 3,418	5,800,000	19.33	\$ 118,091	20.36	\$ 118,091	None	
Chia Hsin Construction & Development Corp.	31,458,920	1,792,694	-	-	-	-	50,360	(2,651)	29,999	31,458,920	43.87	1,870,402	59.45	1,870,402	None	
Tong Yang Chia Hsin International Corporation	257,073,050	6,378,276	-	-	-	-	578,288	(63,252)	(167,731)	257,073,050	87.18	6,725,581	26.16	6,725,581	None	
Chia Hsin Property Management & Development Corporation	100,000,000	5,279,930	-	-	-	-	138,355	-	(1,454,479)	100,000,000	100.00	3,963,806	39.64	3,963,806	None	
Chia Pei International Corporation	19,560,000	197,301	-	-	-	-	22,721	-	391	19,560,000	100.00	220,413	11.27	220,413	None	
Chia Hsin Pacific Limited	19,186,070	2,341,844	-	-	-	-	207,552	(270,319)	-	19,186,070	74.16	2,279,077	118.79	2,279,077	None	
BlueSky Co., Ltd.	8,300,000	83,930	-	-	-	-	608	-	(466)	8,300,000	100.00	84,072	10.13	84,072	None	
YJ International Corporation	228,000,000	1,373,289	-	-	-	-	(366,475)	(121,316)	1,064	228,000,000	100.00	886,562	3.89	886,562	None	
LDC ROME HOTELS S.R.L.	-	367,335	-	-	-	-	(41,703)	(36,501)	-	-	40.00	289,131	16.94	289,131	None	
Jaho Life Plus+ Management Corp., Ltd.	40,000,000	224,254	-	-	-	-	(36,903)	-	791	40,000,000	100.00	188,142	4.7	188,142	None	
L'Hotel De Chine Corporation	67,998,915	<u>1,164,251</u>	-	<u>-</u>	-	<u>-</u>	<u>(134,533)</u>	<u>(975)</u>	<u>3,705</u>	67,998,915	23.10	<u>1,032,448</u>	19.83	<u>1,032,448</u>	None	
		19,315,260		\$ -		\$ -	\$ 420,787	\$ (495,014)	\$ (1,583,308)			17,657,725		\$ 17,657,725		
Less: reclassified to treasury stocks		<u>(1,055,710)</u>										<u>(1,055,710)</u>				
		<u>\$ 18,259,550</u>										<u>\$ 16,602,015</u>				

Note 1: The amount of \$265,777 thousand of investment income recognized by using the equity method is deducted from the written-off amount of \$155,010 thousand of share of profit or loss of subsidiaries, associates and joint ventures using the equity method due to the cash dividends distributed to the subsidiaries.

Note 2: Including the amount of \$(2,036,756) thousand of cash dividends, the amount of \$443,741 thousand of unrealized gain or loss adjustment of financial instruments, the amount of \$478 thousand of subsidiaries' defined benefit actuarial gains and losses, an increasing by \$217 thousand of adjustment of capital surplus due to unclaimed dividends extinguished by prescription of subsidiaries, and an increasing by \$8,189 thousand of adjustment of capital surplus of subsidiaries recognized by using the equity method.

Note 3: The unrealized loss with subsidiaries, associates and joint ventures is \$72 thousand in 2021. The realized gain with subsidiaries, associates and joint ventures is \$895 thousand in 2021.

## CHIA HSIN CEMENT CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

	Land Improvements	Buildings	Transportation Equipment	Total	Note
Cost					
Balance at January 1, 2021	\$ 17,610	\$ -	\$ 2,321	\$ 19,931	
Additions	<u>-</u>	<u>1,589</u>	<u>-</u>	<u>1,589</u>	
Balance at December 31, 2021	<u>17,610</u>	<u>1,589</u>	<u>2,321</u>	<u>21,520</u>	
Accumulated depreciation					
Balance at January 1, 2021	6,404	-	322	6,726	
Additions	<u>3,202</u>	<u>529</u>	<u>774</u>	<u>4,505</u>	
Balance at December 31, 2021	<u>9,606</u>	<u>529</u>	<u>1,096</u>	<u>11,231</u>	
Carrying amount at December 31, 2021	<u>\$ 8,004</u>	<u>\$ 1,060</u>	<u>\$ 1,225</u>	<u>\$ 10,289</u>	

**CHIA HSIN CEMENT CORPORATION**

**STATEMENT OF REFUNDABLE DEPOSITS**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Summary</b>	<b>Amount</b>
Security deposit of club membership	Others	\$ 6,182
Others	Deposits for telecommunications use and leasing	<u>824</u>
		<u>\$ 7,006</u>



**CHIA HSIN CEMENT CORPORATION**

**STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Summary</b>	<b>Amount</b>
Pledged time deposits	Pledged time deposit with an interest rate of 0.52%-0.815%	<u>\$ 9,476</u>

## CHIA HSIN CEMENT CORPORATION

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Borrowings Type	Description	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral or Guarantee
Bank loans						
Unsecured loans	Cathay United Bank	\$ 200,000	2021.12.27-2022.04.01	0.86	\$ 200,000	None
Unsecured loans	Bank of Taiwan	200,000	2021.12.30-2022.02.18	0.88	200,000	None
Unsecured loans	Yuanta Commercial Bank	195,000	2021.11.30-2022.02.25	0.90	200,000	None
Secured loans	First Commercial Bank	<u>209,000</u>	2021.10.29-2022.01.17	0.90	640,000	Chai Hsin Building provided by subsidiary (Note)
		<u>\$ 804,000</u>				

Note: Refer to Note 33 for the guarantee and joint guarantee provided by the subsidiary.

**CHIA HSIN CEMENT CORPORATION**

**STATEMENT OF SHORT-TERM BILLS PAYABLE**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Promissory Institution</b>	<b>Contract Period</b>	<b>Range of Interest Rates (%)</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>
Commercial paper	International Bills	2021.12.28-2022.02.18	0.888	<u>\$ 135,000</u>	<u>\$ 158</u>	<u>\$ 134,842</u>

**CHIA HSIN CEMENT CORPORATION**

**STATEMENT OF NOTE PAYABLES**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Summary</b>	<b>Amount</b>
Unrelated parties		
Merho Enterprise Company Limited	Paper bags payables	\$ 1,284
Lih Tai Industrial Corporation	Paper bags payables	1,030
Kao Nan Pulp & Paper Mfg. Co., Ltd.	Paper bags payables	1,015
Others	Freight payables	<u>22</u>
		<u>\$ 3,351</u>

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

**CHIA HSIN CEMENT CORPORATION****STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Summary</b>	<b>Amount</b>
Unrelated parties		
Asia Cement Corporation	Materials payables	\$ 84,937
Others	Paper bags payables	<u>7,050</u>
		<u>\$ 91,987</u>
Related parties		
Taiwan Cement Corporation	Materials payables	\$ 123,932
Tong Yang Chia Hsin International Corporation	Storage management payables	<u>5,664</u>
		<u>\$ 129,596</u>

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

**CHIA HSIN CEMENT CORPORATION****STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Summary</b>	<b>Amount</b>
Unrelated parties		
Payables for salaries and bonuses	Salaries in December 2021, bonuses and estimated compensation of employees as well as remuneration of directors for 2021	\$ 41,942
Others		<u>7,701</u>
		<u>\$ 49,643</u>
Related parties		
Chia Hsin Property Management & Development Corporation	Service fee from endorsement of guarantee payables, etc.	\$ 20,715
Others		<u>184</u>
		<u>\$ 20,899</u>

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

**CHIA HSIN CEMENT CORPORATION**

**STATEMENT OF CONTRACT LIABILITIES**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Summary</b>	<b>Amount</b>
Advance deposits	Deposit and payment for domestic sales of cement	<u>\$ 12,278</u>

## CHIA HSIN CEMENT CORPORATION

## STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Creditor	Summary	Borrowing Amount	Contract Period	Interest Rates (%)	Collateral or Guarantee
First Commercial Bank	Secured borrowings	\$ 1,000,000	2020.05.28-2027.05.28	1.23	Chai Hsin Building provided by subsidiary (Note)
Cathay United Bank	Secured borrowings	1,125,000	2017.12.28-2024.12.28	1.14	Chai Hsin Building provided by subsidiary (Note)
Bank SinoPac	Secured borrowings	500,000	2020.06.23-2025.06.23	1.05	Real estates in Zhonghe Dist. provided by subsidiary (Note)
Bank SinoPac	Unsecured borrowings	100,000	2020.06.24-2025.06.23	1.05	Real estates in Zhonghe Dist. provided by subsidiary (Note)
China Trust Commercial Bank	Secured borrowings	1,218,750	2019.12.23-2024.12.23	1.15	Chai Hsin Building provided by subsidiary (Note)
Taiwan Cooperative Bank	Secured borrowings	<u>900,000</u>	2017.12.28-2024.12.28	1.24	Chai Hsin Building provided by subsidiary (Note)
		4,843,750			
	Current portion	<u>(577,500)</u>			
		<u>\$ 4,266,250</u>			

Note: Refer to Note 33 for the guarantee and joint guarantee provided by the subsidiary.



## CHIA HSIN CEMENT CORPORATION

STATEMENT OF CURRENT PORTION OF LONG-TERM BORROWINGS  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Creditor	Summary	Borrowing Amount	Contract Period	Interest Rates (%)	Collateral or Guarantee
Bank loans					
Taiwan Cooperative Bank	Secured borrowings	\$ 120,000	2017.12.28-2024.12.28	1.24	Chai Hsin Building provided by subsidiary (Note)
Cathay United Bank	Secured borrowings	150,000	2017.12.28-2024.12.28	1.14	Chai Hsin Building provided by subsidiary (Note)
China Trust Commercial Bank	Secured borrowings	187,500	2019.12.23-2024.12.23	1.15	Chai Hsin Building provided by subsidiary (Note)
First Commercial Bank	Secured borrowings	60,000	2020.05.28-2027.05.28	1.23	Chai Hsin Building provided by subsidiary (Note)
Bank SinoPac	Secured borrowings	50,000	2020.06.23-2025.06.23	1.05	Real estates in Zhonghe Dist. provided by subsidiary (Note)
Bank SinoPac	Unsecured borrowings	<u>10,000</u>	2020.06.24-2025.06.23	1.05	Real estates in Zhonghe Dist. provided by subsidiary (Note)
		<u>\$ 577,500</u>			

Note: Refer to Note 33 for the guarantee and joint guarantee provided by the subsidiary.

## CHIA HSIN CEMENT CORPORATION

STATEMENT OF LEASE LIABILITIES  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate	Balance, End of Year	Note
Land improvements	Mainly used for storage	2000.10.07-2024.07.07	1.38%	\$ 8,170	Located in Port of Keelung
	Mainly used for storage	2009.12.10-2045.05.10	1.58%	1,285,565	Located in Port of Keelung
Buildings	Mainly used for office	2021.01.01-2024.01.01	1.30%	1,067	-
Transportation equipment	Mainly used for company cars	2020.07.31-2023.07.30	2.30%	<u>1,245</u>	-
				1,296,047	
Less: Current portion				<u>(63,370)</u>	
Lease liabilities - non-current				<u>\$ 1,232,677</u>	

**CHIA HSIN CEMENT CORPORATION**

**STATEMENT OF GUARANTEE DEPOSITS**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Summary</b>	<b>Amount</b>
Guarantee deposits - current	Guarantee deposits received from cement dealers	<u>\$ 2,660</u>
Guarantee deposits - non-current	Guarantee deposits received for operation of warehousing and storage in Port of Taipei	<u>\$ 21,087</u>

**CHIA HSIN CEMENT CORPORATION****STATEMENT OF OPERATING REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Excluding Weight and Average Unit Price)**

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<b>Item</b>	<b>Weight</b>	<b>Average Unit Price</b>	<b>Amount</b>
Revenue from the sale			
Revenue from the sale of cement	469,911 (ton)	2,261.81	\$ 1,062,850
Revenue from rent			
Real estate leasing revenue			4,695
Revenue from rendering of services			22,174
Other revenue			
Warehousing and storage services			<u>159,212</u>
			<u>\$ 1,248,931</u>

## CHIA HSIN CEMENT CORPORATION

STATEMENT OF OPERATING COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold	
Balance at beginning of year	\$ 54,232
Add: Finished goods purchased	994,140
Packaging expense	
Raw material, beginning of year	1,147
Add: raw material purchased	16,534
Raw material, end of year	(975)
	<u>16,706</u>
Freight	250
Storage expense - depreciation	23,900
Storage expense - management	25,097
Storage expense - electricity fee	3,561
Storage expense - others	4,054
Less: finished goods, end of year	(46,049)
Reverse of write-downs in prior period of inventory due to sales	<u>(2,531)</u>
Total cost of goods sold of cement	<u>1,073,360</u>
Rental costs	
Real estate leasing cost - depreciation	1,236
Real estate leasing cost - others	448
	<u>1,684</u>
Service costs	
Rendering of services cost - salaries and bonuses	11,833
Rendering of services cost - others	8,347
	<u>20,180</u>
Other operating costs	
Warehousing and storage services cost - depreciation	79,683
Warehousing and storage services cost - others	58,457
	<u>138,140</u>
Total operating cost	<u>\$ 1,233,364</u>

## CHIA HSIN CEMENT CORPORATION

STATEMENT OF OPERATING EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Expected Credit Impairment
Payroll and related expense (including bonuses, severance pay, employee benefit, compensation of employees and remuneration of directors.)	\$ 5,718	\$ 157,766	\$ -
Rent expense	137	9,372	-
Insurance expense	617	9,177	-
Entertainment expense	1,445	1,909	-
Association and membership fees	1,090	533	-
Expected credit gain	-	-	(231)
Others (Note)	<u>2,746</u>	<u>47,971</u>	<u>-</u>
	<u>\$ 11,753</u>	<u>\$ 226,728</u>	<u>\$ (231)</u>

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

## CHIA HSIN CEMENT CORPORATION

STATEMENT OF LABOR, DEPRECIATION, DEPLETION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

	2021			2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 11,833	\$ 120,185	\$ 132,018	\$ 12,569	\$ 88,223	\$ 100,792
Labor and health insurance	1,121	7,991	9,112	1,094	6,080	7,174
Pension	659	5,135	5,794	690	4,882	5,572
Director's remuneration	-	43,299	43,299	-	57,029	57,029
Others	831	4,951	5,782	872	4,351	5,223
	<u>\$ 14,444</u>	<u>\$ 181,561</u>	<u>\$ 196,005</u>	<u>\$ 15,225</u>	<u>\$ 160,565</u>	<u>\$ 175,790</u>
Depreciation expense	<u>\$ 104,819</u>	<u>\$ 5,041</u>	<u>\$ 109,860</u>	<u>\$ 140,686</u>	<u>\$ 4,270</u>	<u>\$ 144,956</u>
Depletion expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortization expense	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Note:

- The average numbers of the Company's employees were 92 and 90 in 2021 and 2020, respectively. There were both 7 non-employee directors.
- Average employee labor cost for the year ended December 31, 2021 and 2020 were \$1,797 thousand and \$1,431 thousand, respectively.
- Average salary and bonus for the year ended December 31, 2021 and 2022 were \$1,553 thousand and \$1,214 thousand, respectively.
- Change in average employee salary and bonus was 27.92%.
- The Company did not have supervisors for the year ended December 31, 2021 and 2020.
- The Company's compensation policies:
  - Remuneration of the Company's directors is in accordance with the provisions of the Company's Articles of Incorporation and linked to the performance. Distribution of remuneration shall be reviewed by the Compensation Committee, submitted to the Board of Directors for approval, and reported at the shareholders' meeting.
  - Remuneration of President, and Executive Vice President is based on their individual capabilities, contribution to the Company's operation, performance, market value of the position, and the Company's future operation risks consideration, and shall be reviewed by the Compensation Committee and submitted to the Board of Directors for approval.
  - Distribution of the directors' remuneration approved by the board of directors shall be limited to those who with directorship on the day the directors' remuneration is paid. However, directors who have not been re-elected due to re-election may still receive pro rata distributions based on their term of office.

(Continued)

- 4) The Company has established employee salary management regulation. Salary is based on employees' knowledge, experience, skills, professionalism and position, and with reference to the overall market salary level. The salary standard of new recruits is based on the qualifications required for the position, such as education, relevant work experience and professional skills, and the personal factors such as gender, race, nationality, age, etc. do not affect their salary. In order to attract and retain outstanding talents, most of the salaries for each position are at the mid-to-high level in the industry, and annual salary review or adjustment is carried out according to the Company's operating results and financial status, individual performance of employees, and price index fluctuations.
- 5) Payment of remuneration is based on the overall operation and profitability of the Company, which is positively related to the Company's operation performance. It minimizes the probability and correlation of future risks and strives to balance sustainability with risk control under the specification of laws and the Company's Articles of Incorporation.

(Concluded)