Stock Code
1109

HSING TA CEMENT CO.,LTD.

2020 Annual Report

HSING TA company website
http://www.hsingta.com.tw

Market Observation Post System
http://mops.twse.com.tw

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- CPAs of the annual financial statements for the most recent year

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CPA firm: PricewaterhouseCoopers Taiwan

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Website: http://www.pwc.com.tw/

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- Overseas securities exchange listing: None
- Company website: http://www.hsingta.com.tw

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One. Letter to Shareholders

Dear shareholders:

Affected by the ravage of the COVID-19 pandemic in 2020, the global economy was in recession except for a few countries. Taiwan's growth performance in 2020 was not only the top of the Four Asian Tigers but surpassed mainland China and Vietnam, which was rarely seen, as the top of the major economies. With the outstanding pandemic prevention efforts, Taiwan’s foreign trade and domestic demand demonstrated strong performance. Benefiting from the return of overseas Taiwanese investment, the domestic construction industry in Taiwan was barely affected and showed a growth trend.

The Group is actively pursuing improvement at all levels in this environment. As government contracts are gradually increasing, and the volume of environmental protection and green energy projects are also growing, the domestic cement market price should remain stable. In terms of business, the Group will promote sales of specialty cements, and continue to integrate resources within the Group to maintain its competitive advantage. In terms of non-operating income, maintain the existing incomes from rental and resource recycle and reuse while at the same time, take care of social needs, environmental protection and economic development to achieve the objectives of industrial symbiosis and sustainable social development.

The results of the Group's operations for 2020 are as follows.
Production: Cement and clinker production volume was 2.86 million metric tons, a slight decrease of 3.29% as compared with last year.
Sales: Operating revenues for the year were NT$7.6 billion, a slight decrease of 2.93% as compared with last year.
Operations: For the year, consolidated net profits were NT$1,449 million, a slight decrease of 0.67% as compared with last year;
Domestic revenue increased by 15% a year due to the demand for public works and the revenue from reuse processing. The performance of the factories in China declined by 10% due to the pandemic. With the increase in domestic net profit and the decrease in net profit in China, the profitability this year was still quite good.
Dividends: The Board of Directors resolved to distribute a cash dividend of NT$1.50 per share from retained earnings.

Due to the recurring pandemic with variants, the current measures adopted have caused the business in the service industry to shrink while the impact on the manufacturing industry is limited.

Although many countries have begun to introduce vaccines, the limited vaccines and difficult storage and transportation methods have made more difficult to make vaccines widely available. The effectiveness of vaccines still needs to be tested. With the gradual availability of vaccines, it is generally expected that the global economy may have a chance to return to the pre-pandemic output level by the end of 2021 or early 2022.

Although the impact of the pandemic on the global economy in 2021 is inevitable in the short term, driven by the de-capacity policy, environmental protection requirements, and the new city construction program in the north of the Yangtze River in the Nanjing area, the economy is still expected to continue progress. The sales target for cement and clinker in 2021 is 2.97 million metric tons. The Group will continue to uphold the spirit of "loyalty, diligence, and excellence", fulfill its corporate social responsibility and pursue the best interests of all shareholders.

We wish you all health and success

Chairman

I. Operation Overview

Looking back on the international economic situation in 2020, the global economy was plunged into recession except for a few countries due to the escalation of the pandemic. Taiwan's growth performance in 2020 was instead becoming better and better. In April, given the severity of the pandemic, most of the major institutions revised their growth forecasts downward (The lowest value was -4.0% estimated by the International Monetary Fund). However, as the pandemic control gradually improved, the growth performance in the third quarter exceeded 3.0% at one fell swoop, reaching 3.92% while setting a record high year on year since 2015. The annual growth rate was estimated to be around 2.38%, showing a V-shaped recovery from the bottom in the second quarter.

In the domestic construction industry, due to the return of investment from overseas Taiwanese businesspeople, the world's strong demand for semiconductors, and the continuous expansion of production capacity by domestic semiconductor companies, such as TSMC, Taiwan's construction industry was hardly affected and has demonstrated a growth trend.

In the domestic cement market, the overall cement consumption in 2020 was only 12.1 million metric tons. With the collective efforts of all employees, the sales volume of cement and clinker in 2020 was around 746,000 metric tons, an increase of 12.15% from the prior year, and the sales amount was NT$1,556,285,000, an increase of 11.26% year on year. In terms of other revenue in 2020, the Company's revenue from the reuse processing service was NT$62,484,000 and the lease income was NT$45,363,000, an increase of NT$19,039,000 as compared to the prior year.

In terms of China's cement market, due to the proper control of the pandemic, except for the suspension of work during the lockdown period, the local government's requirements for pollution prevention and control have continued to increase this year. Under the implementation and promotion of many environmental protection policies such as energy saving and emission reduction, staggered peak production, comprehensive regulation of mines, and transportation governance, the total demand for cement has recovered. The Mainland government has been boosting the economy and promoting infrastructure construction, and the recovery of the housing market has propelled demand for cement, making cement prices stable at high levels and cement profits recovered. Jiangsu Xinning New Building Materials Co., Ltd. in which the Company holds 66.67% of its shares, witnessed a decrease in its sales by 10.11% in 2020 due to the pandemic as compared with the prior year.

With the efforts of the entire group, the consolidated operating revenues of 2020 were NT$7,593,294,000, an decrease of 2.93% from the NT$7,822,895,000 in 2019; the consolidated net profits of 2020 were NT$1,448,873,000, which represented an decrease of 0.67% from the net profits of NT$1,458,617,000 in 2019.

II. Comparison of performance in 2020 and 2019

Unit: metric tons

Cement and clinker	Production quantity			Sales quantity		
	2020	2019	Increase (decrease) %	2020	2019	Increase (decrease) %
Domestic	732,371	631,172	16.03	746,175	665,323	12.15
Mainland	2,126,103	2,324,479	(8.53)	2,118,499	2,327,529	(8.98)
Total	2,858,474	2,955,651	(3.29)	2,864,674	2,992,852	(4.28)

Unit: Thousand $NT

Operating revenues	2020	2019	Increase (decrease) amount	Increase (decrease) %
Domestic	2,539,619	2,201,058	338,561	15.38
Mainland	5,053,675	5,621,837	(568,162)	(10.11)
Consolidated operating revenues	7,593,294	7,822,895	(229,601)	(2.93)
Consolidated net profits for the period	1,448,873	1,458,617	(9,744)	(0.67)

III. Research and development

The themes of the Company's R&D are environmental protection, labor safety, efficient operation, quality policy implementation, manufacturing process rationalization, product diversification, and responsibility for pollution prevention and control. In addition, the Company has mass production for related products in response to market demand to increase competitiveness, market penetration and share. The cement industry has entered a mature stage. To increase the momentum of future business growth, the Company promotes Type II and IS cement to public engineering units with the aim of generating the maximum benefits at different construction locations while continuing to expand the business with construction sites to create concrete results.

IV. Business promotion and development direction and strategy

(I) Actively participate in public work projects, such as Taipei MRT Circular Line, Wanda Line, Ankeng Line, Sanying Line, Taoyuan Green Line, Taoyuan Airport construction project, and Taoyuan railway underground project.

(II) Expand the blast furnace cement market, and achieve market segmentation in soil improvement and concrete pile engineering.

(III) Master the characteristics of type I low-alkali cement such as anti-whitening and cracking, and promote the type I low-alkali 50 kg bagged cement to the paint market.

(IV) Promote new building materials and dry-mixed concrete sand business through the existing bagged cement distribution channels, including finish materials, partition materials, and substrate materials.

(V) High-temperature calcination produced by using cement can remove the characteristics of heavy metals and dioxin that cannot be processed by general incinerators and treat relevant domestic and business waste as a critical role in circular economy and fulfillment of corporate social responsibility.

V. Policy in response to the influence of external competition, legal environment, and overall business environment.

(I) Implement labor safety management measures to ensure the safety and efficiency of the working environment.

(II) Adhere to the business philosophy of honesty, diligence, pragmatism, frugality and social responsibility, promote the sustainable development of the Company, increase participation in local community care and health promotion activities, and fulfill corporate social responsibility.

(III) Cooperate with the government's circular economy policy of environmental protection, energy saving, waste reduction and reuse, actively invest in various equipment and improvements to not only strengthen process stability, but also to improve the dust flying problem during the transportation of raw materials and semi-finished products to protect the environment, and to actively migrate to a green industry.

(IV) Ensure compliance with all laws and regulations can keep up with the times, and regularly review whether the equipment operation efficiency and the professional knowledge and operation technology of the operation personal keep up with the times.

(V) Implement quality policies to ensure the good operation of the quality management system, and supply products and services that meet customer needs.

(VI) Continue to improve production efficiency, reduce costs, and strengthen market competitiveness.

(VII) Improve operating performance of the core cement business, expand the use of funds, and invest in adjacent industries with development potential.

VI. Business plan and outlook for 2021

With the recurring pandemic in the winter season in the northern hemisphere, major countries have re-taken strict control measures. Although the current control measures have caused the business in the service industry to shrink, they have limited impact on the manufacturing industry. Many countries have begun to introduce the vaccines, but the quantity is limited in the initial period while it is difficult to store and transport them, which also makes it more difficult to make the vaccines widely available. In addition, variants have recently been discovered in the U.S., South Africa, and the U.K., and the effectiveness of the vaccines still needs to be tested by each country. However, as countries have begun to adopt the vaccines, it is generally expected that the global economy will return to the pre-pandemic output level by the end of 2021 or early 2022.

Domestic cement market: Although the construction industry is actively investing in the integration of the factory systems related to the semiconductor supply chains, due to the recent high cost of steel bars, the tightened supply of reinforced concrete materials, and the cold and humid weather for days in a row in northern Taiwan, making it difficult for construction at the construction sites, the progress of the bidding for civil engineering projects was not as expected. As a result, around 90% of the construction industry estimates that the economic performance in this industry will remain flat in 2021. Looking ahead, building companies still have many projects under construction, and the proportion of the private sector in the composition of the engineering business will also increase, particularly in the high-end manufacturing sector; however, due to government budget re-allocation and shortage of labor and materials, the speed of public work construction in the future will slow down, so more than 80% of the construction industry believes that the business in the construction industry will remain flat in the next six months. The domestic cement market price should remain stable and is expected to show a slight growth. The demand for cement and ready-mixed concrete will also increase, and the national demand for cement will stay stable. In summary, the domestic cement market is expected to maintain a dynamic balance in terms of cement demand and supply in 2021. The Company's cement and clinker sales target in Taiwan is 770,000 metric tons. The Company will continue to integrate resources within the Group and evaluate business diversification to maintain its competitive advantage.

Cement market in China: With the tightened environmental protection policy, and the production capacity restriction policy that is expected to be effective, the supply side of the cement industry will continue to be controlled and the cement staggered production policy will continue to be executed. As for environmental protection, mainland China announced the prohibition of the use of low-end cement as it aims

to strengthen infrastructure, maintain economic growth, continue to expand and stimulate domestic demand, and mitigate the burden on businesses. With the policy of promoting urbanization development, the overall trend is conducive to the cement industry for development. The overall cement price in mainland China continue to stabilize. Next, attention should be paid to the role of infrastructure construction and real estate investment in driving cement demand.

In terms of revenue, it will maintain the existing incomes from rental and resource recycle and reuse while at the same time, take care of social needs, environmental protection and economic development to achieve the objectives of industrial symbiosis and sustainable social development.

Two. Company Profile

I. Date of incorporation: The Company was incorporated on March 15, 1964.

II. Company History

1. In 1964: The founder, Mr. Tanghai Yang, undertook the Mount Taibai mining area to establish the Company, named "HSING TA Quarry and Cement Co., Ltd." with the main business of producing and selling limestone.
2. In 1970: Established Su'ao Nanshenghu Cement Manufacturing Factory and built the No. 1 cement kiln with an annual production capacity of 100,000 metric tons. The Company's business included cement and limestone production and sales.
3. In 1980: Added the No. 2 cement kiln with an annual production capacity of 600,000 metric tons. Cement production and sales became the Company's main business. The Company was renamed "HSING TA CEMENT CO.,LTD".
4. In 1983: Approved by the Securities Commission, Ministry of Finance as a public company.
5. In 1984: Replaced the No. 1 cement kiln and expanded to No. 3 cement kiln with an annual production capacity of 800,000 metric tons.
6. In 1985: The expansion of the No. 3 cement kiln was completed, and the annual production capacity increased to 1.4 million metric tons.
7. In 1990, subsidiary HSIN I READY MIXED CONCRETE CO., LTD. was incorporated and the HSIN I Banqiao factory started operations.
8. In 1991: Approved by the Securities Commission, Ministry of Finance as a class 1 listed stock.
9. In 1992: Completed the No. 2 cement kiln improvement project, improved dust collection efficiency, reduced heat consumption, lowered cement production costs, and increased production capacity to 1.56 million metric tons.
10. In 1994, the Nankan factory of subsidiary HSIN I READY MIXED CONCRETE CO., LTD. jointed operations.
11. In 1995: Completed the improvement project in the Nanshenghu Plant of the pre-grinding system of the No. 3 cement mill to reduce power consumption and reduce cement production costs.
12. In 1996: Completed the improvement project in the Nanshenghu Plant of the pre-grinding system of the No. 2 cement mill, which greatly contributed to the overall energy saving.
13. in 1998: Completed the renewal project in the Nanshenghu factor of No. 3 cement mill shell to increase cement production capacity and reduce breakdowns and downtime.
14. In 2000: Mr. Chunghsiung Yang was elected as the Chairman, and the former Chairman Mr.

Tanghai Yang was honorably appointed as the president of HSING TA Group.

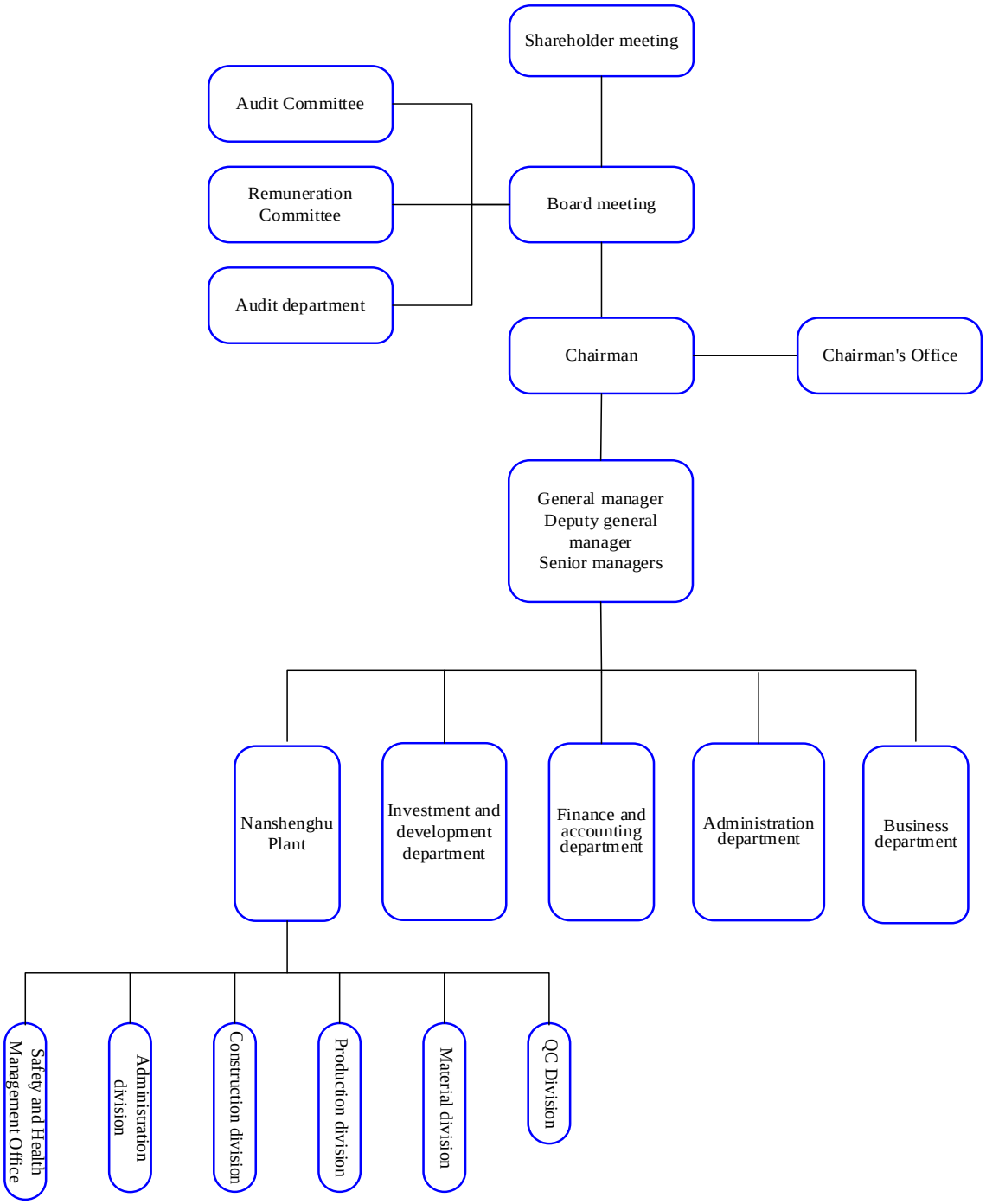
15. In 2001 Nanshenghu Plant officially started the mass production of Portland Type II low-alkali cement to expand cement business base.
16. In 2003: Nanshenghu factor completed the raw meal pre-grinding system to improve the fineness of raw materials and reduce production costs.
17. In 2004: Songshan HSING TA Commercial Building, which was invested and constructed, was completed and released to operations.
18. In 2004: Established the overseas subsidiary Hsing Ta International Corp.
19. In 2006: Reinvested in Soaring Power Corp. through subsidiary Hsing Ta International Corp. and therefore, indirectly invested in Jiangsu Xinning New Building Materials Co., Ltd.
20. In 2009: Mr. Dexiong Yang was elected as the Chairman, the former Chairman Mr. Chunghsiung Yang was honorably appointed as the president of HSING TA Group, and Mr. Tanghai Yang, the former president of HSING TA Group was honorably appointed as the chief consultant.
21. In 2009: Subsidiary Hsing Ta International Corp. was liquidated, and the investment structure in Mainland China was changed to direct investment in Soaring Power Corp. and then reinvested in Jiangsu Xinning New Building Materials Co., Ltd.
22. In 2011: Mainland subsidiary Jiangsu Xinning New Building Materials Co., Ltd. completed the plant construction and ignition for operations.
23. in 2013: The waste heat power generation equipment in Mainland subsidiary Jiangsu Xinning New Building Materials Co., Ltd. went online.
24. In 2015: Added a neutron online analyzer in Nanshenghu Plant, completed the process water recycling improvement project, and mining sites completely afforested with the "thick layer mesh spraying method" for permanent residual walls.
25. In 2016: Mr. Jeeshing Yang was elected as the Chairman of the board.
26. In 2017: Added SNCR equipment to #3K preheater to reduce nitrogen oxide emissions.
27. In 2018: Completed the denitrification technology improvement project of No. 3 cement kiln preheater, significantly reducing the NOx emission.
28. in May 2019, Mainland subsidiary Jiangsu Xinning New Building Materials Co., Ltd. and Shanghai Sanrong Environmental Protection Engineering Co., Ltd. jointly invested in Nanjing Xinrong Environmental Protection New Material Co., Ltd. to produce denitrifying agent for green environmental protection.
29. In 2020: Jiangsu Xinning New Building Materials Co., Ltd., a subsidiary in mainland China, was awarded Grade A in the performance evaluation of key industries as announced by the

Department of Ecological Environment of Jiangsu Province as the first cement company awarded Grade A in Jiangsu Province.

Three. Corporate Governance Report

I. Organizational System

(I) Organizational structure



Businesses of major departments

1. Audit department: Responsible for matters related to the audit of internal control systems and the planning and review of rules ad regulations.
2. Chairman's Office: Assist Chairman in matters related to the planning and promotion of the Company's development strategy, and the execution of the business plans and projects assigned by the Chairman.
3. Business department: Responsible for matters related to product sales, logistics, marketing, customer service, and supervision and assessment of local sales teams.
4. Administration department: Responsible for matters related to human resources, documentation, general affairs, procurement, fixed asset management, planning, execution and management of construction and maintenance, and computer operation management.
5. Finance and accounting department: Responsible for matters related to finance, reinvestment, stock affairs and accounting.
6. Investment and development department: Responsible for matters related to market research, evaluation, execution and management of the investment and development of new businesses and resource recycle and reuse business.
7. Nanshenghu Plant: Responsible for matters related to limestone mining and transportation, cement and clinker manufacturing, warehousing and delivery.

II. Information on directors, general managers, deputy general managers, senior managers, and officers of various departments

(I) Directors

1. Information on directors (1)

April 26, 2021

Title	Nationality or place of registration	Name	Gender	Date elected	Term of office	Date first elected	Shareholding when elected		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are managerial officers or directors of the Company		
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation
Chairman	Republic of China	Jeeshing Yang	Male	2018.06.21	2018.06.21 2021.06.20	1991.05.24 (Note 1)	36,238,070	10.07%	34,426,166	10.07%	14,527	0.00%	0	0.00%	Department of Industrial Management, Tamsui Institute of Business Administration	Chairman, HSING TA CEMENT CO.,LTD Chairman, HSIN I READY MIXED CONCRETE CO., LTD.	Director Director Director	Chunghsiung Yang Renshiung Yang Shelly Sheueching Kao	Brothers Brothers Sister and brother
Director	Republic of China	Chunghsiung Yang	Male	2018.06.21	2018.06.21 2021.06.20	1991.05.24 (Note 1)	43,713,735	12.14%	41,528,048	12.14%	2,779	0.00%	0	0.00%	Department of Banking, National Chengchi University	Chairman, Tanghai Yang Foundation	Chairman Director Director	Jeeshing Yang Renshiung Yang Shelly Sheueching Kao	Brothers Brothers Sister and brother
Director	Republic of China	Renshiung Yang	Male	2018.06.21	2018.06.21 2021.06.20	1991.05.24 (Note 1)	38,009,246	10.56%	36,108,783	10.56%	1,153	0.00%	0	0.00%	Department of Hydraulic Engineering, Tamkang University	Chairman, Soaring Power Corp. Chairman, Jiangsu Xinning New Building Materials Co., Ltd. Chairman, Nanjing Xinrong Environmental Protection New Material Co., Ltd. Chairman, Jiangsu Xinning New Building Materials Co., Ltd.	Director Chairman Director	Chunghsiung Yang Jeeshing Yang Shelly Sheueching Kao	Brothers Brothers Sister and brother
Director	Republic of China	Daqin Yang	Male	2018.06.21	2018.06.21 2021.06.20	98.06.19	8,574,668	2.38%	8,145,934	2.38%	0	0.00%	0	0.00%	Department of Information Management, National Yunlin University of Science and Technology.	Chairman, HSING TA INDUSTRIAL CO., LTD.	None	None	None
Director	Republic of China	Shelly Sheueching Kao	Female	2018.06.21	2018.06.21 2021.06.20	2018.06.21	7,556,237	2.10%	7,188,425	2.10%	4,757,676	1.39%	0	0.00%	National Keelung Senior High School	None	Director Chairman Director	Chunghsiung Yang Jeeshing Yang Renshiung Yang	Sister and brother Sister and brother Sister and brother
Director	Republic of China	HITURBO CAPITAL CO., LTD.		2018.06.21	2018.06.21 2021.06.20	2016.06.22	96,900	0.03%	15,387,055	4.50%	0	0.00%	0	0.00%	None	None	None	None	None
	Republic of China	Powei Yang	Male	2018.06.21	2018.06.21 2021.06.20	-	0	0.00%	3,033,133	0.89%	0	0.00%	15,387,055	4.50%	Department of Industrial Engineering, Dayeh University	Vice Chairman, Qin Da Construction Co., Ltd.	None	None	None
Independent director	Republic of China	Jhengting Chen	Male	2018.06.21	2018.06.21 2021.06.20	2015.06.18	0	0.00%	0	0%	0	0.00%	0	0.00%	Department of Accounting, Chinese Culture University	None	None	None	None
Independent director	Republic of China	Lihsiung Chen	Male	2018.06.21	2018.06.21 2021.06.20	2018.06.21	0	0.00%	0	0%	0	0.00%	0	0.00%	Master of Business Administration, West Florida State University	None	None	None	None
Independent director	Republic of China	Chengtung Shih	Male	2018.06.21	2018.06.21 2021.06.20	2018.06.21	0	0.00%	0	0%	0	0.00%	0	0.00%	Master of Science in Finance, University of Illinois at Urbana-Champaign	None	None	None	None

Note 1: Date elected before listing.

Major shareholders of juristic-person shareholder

April 26, 2021

Name of juristic-person shareholder	Major shareholders of juristic-person shareholder
HITURBO CAPITAL CO., LTD.	Bomin Yang 65% stake Powei Yang 35% stake

2. Information on directors (2)

April 26, 2021

Criteria / Name	With more than 5 years of work experience and the following professional qualifications			Meeting independence criteria (note)												Number of other public companies in which the individual is concurrently serving as an independent director
	Lecturers or above in public and private colleges and universities in business, legal, financial, accounting or related areas required for the Company's business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations and received certificates required for the Company's business	Work experiences in business, legal, financial, accounting or related areas required for the Company's business	1	2	3	4	5	6	7	8	9	10	11	12	
Jeeshing Yang			✓					✓	✓	✓	✓	✓		✓	✓	0
Chunghsiung Yang			✓					✓	✓	✓	✓	✓		✓	✓	0
Renshiung Yang			✓					✓	✓	✓	✓	✓		✓	✓	0
Daqin Yang			✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	0
Shelly Sheueching Kao			✓	✓	✓			✓	✓	✓	✓	✓		✓	✓	0
Powei Yang			✓					✓	✓	✓	✓	✓	✓	✓		0
Jhengting Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Lihsiung Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chengtung Shih			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note: For each director or supervisor who has met the following criteria for the two years prior to their elections and during their tenure, please mark "✓" in the space below each criterion code.

（1）Not an employee of the Company or its affiliates.

（2）Not a director or supervisor of the Company or its affiliates. (However, this restriction does not apply to independent directors of the Company, its parent or subsidiary elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country.)

（3）Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.

（4）Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship of the person listed in (2) and (3).

（5）Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

（6）Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations). Not a person who has a spouse or relatives of second degree of kinship in other directors.

（7）Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the general manager, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the

same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

（8）Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

（9）Not a professional individual who, or an owner, partner, (managing) director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.

（10）Not a person who has a spouse or relatives of second degree of kinship in other directors.

（11）Not a person with any of the circumstances under Article 30 of the Company Act.

（12）Not a person elected in the capacity of the government, a juristic person, or a representative as provided in Article 27 of the Company Act.

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Major educations and experiences	Concurrent positions at other companies currently	Spouse or relatives within second degree of kinship who are managerial officers of the Company		
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation
General manager	Republic of China	Dakuan Yang	Male	2019.07.01	8,631,431	2.52%	224,760	0.07%	0	0%	Bachelor of Accounting, National Taiwan University Master of Business Administration, University of Southern California	Consultant, Jiangsu Xinning New Building Materials Co., Ltd.	None	None	None
Senior deputy general manager	Republic of China	Lianfu Wu	Male	2006.07.01	166,839	0.05%	0	0.00%	0	0%	Bachelor of Accounting, National Taiwan University Master of Economics, Tohoku University, Japan Master of Public Health, National Taiwan University	None	None	None	None
Senior manager	Republic of China	Qingshou Zhang	Male	2015.01.01	1,713	0.00%	5,415	0.00%	0	0%	Department of Oceanography, National Taiwan Ocean University	None	None	None	None
Manager, Financial and Accounting Department	Republic of China	Ping Zhu	Female	2012.07.01	1,000	0.00%	0	0.00%	0	0%	Department of Accounting, Soochow University	None	None	None	None
Manager, Audit Department	Republic of China	Yisheng Zhang	Male	2014.07.01	0	0.00%	0	0.00%	0	0%	Department of Business Administration, Fu Jen University	None	None	None	None
Manager, Investment and development department	Republic of China	Ruiwan Hong	Female	2014.07.01	0	0.00%	0	0.00%	0	0%	Department of Statistics, National Chung Hsing University	None	None	None	None
Manager, Administration Department	Republic of China	Lina Zhuang	Female	2017.08.14	170	0.00%	0	0.00%	0	0%	Department of International Trade, Taipei Institute of Business and Technology	None	None	None	None
Nanshenghu Plant Manager	Republic of China	Lianhuo Lin	Male	2020.01.01	0	0.00%	0	0.00%	0	0%	Department of Electrical Engineering, Chien Hsin Technical College	None	None	None	None

(II) Information on general managers, deputy general managers, senior managers, and officers of various departments

III. Remuneration for directors (including independent directors), general managers and deputy general managers for the most recent year

(I) Remuneration for directors and independent directors

2020

Unit: Thousand $NT

Title	Name	Remuneration for directors								A, B, C and D as a % of the net profits after tax		Remuneration for employees with concurrent positions in the Company and other companies								A, B, C, D, E, F and G as a % of the net profits after tax		Remuneration from reinvested enterprises outside subsidiaries or from the parent company
		Base remuneration (A)		Severance and pension (B)		Remuneration for directors (C)		Business execution expenses (D)				Remuneration, bonus, allowance (E)		Severance and pension (F)		Remuneration for employees (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Jeeshing Yang	4,980	10,385	0	0	46,812	55,749	594	594	5.22%	6.65%	0	0	0	0	0	0	0	0	5.22%	6.65%	9,349
Director	Chunghsiung Yang																					
Director	Representative, HITURBO CAPITAL CO., LTD.: Powei Yang																					
Director	Renshiung Yang																					
Director	Daqin Yang																					
Director	Shelly Sheueching Kao																					
Independent director	Jhengting Chen																					
Independent director	Lihsiung Chen																					
Independent director	Chengtung Shih																					
Except as disclosed above, the remuneration for the directors of the Company for providing services to all companies in the financial statements (such as serving as a non-employee consultant, etc.) in the most recent year: NT$264,000.																						

＊HSING TA CEMENT’s policy, system, criteria and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors:

1．Independent directors do not participate in the distribution of directors' remuneration.

2．The Board of Directors determines their monthly fixed remuneration based on the responsibility of the position held, the complexity of the business, the value of contribution, and the usual standards of the industry.

3．Professional service expenses are paid as per the actual needs of the business execution, and honoraria are paid for every board meeting attended.

Table of remuneration ranges

Remuneration ranges for the directors of the Company	Director's name			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	Parent company and all re-investee
Less than NT$1,000,000	Jhengting Chen Lihsiung Chen Chengtung Shih	Jhengting Chen Lihsiung Chen Chengtung Shih	Jhengting Chen Lihsiung Chen Chengtung Shih	Jhengting Chen Lihsiung Chen Chengtung Shih
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	Chunghsiung Yang Renshiung Yang Daqin Yang Shelly Sheueching Kao Representative, HITURBO CAPITAL CO., LTD.: Powei Yang	Chunghsiung Yang Daqin Yang Shelly Sheueching Kao Representative, HITURBO CAPITAL CO., LTD.: Powei Yang	Chunghsiung Yang Renshiung Yang Daqin Yang Shelly Sheueching Kao Representative, HITURBO CAPITAL CO., LTD.: Powei Yang	Chunghsiung Yang Daqin Yang Shelly Sheueching Kao Representative, HITURBO CAPITAL CO., LTD.: Powei Yang
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	Jeeshing Yang	-	-	-
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	Jeeshing Yang Renshiung Yang	Jeeshing Yang	Jeeshing Yang Renshiung Yang
Total	9	9	9	9

(II) Remuneration for general managers and deputy general managers

2020

Unit: Thousand $NT

Title	Name	Base salary (A)		Severance and pension (B)		Bonus and allowance (C)		Remuneration for employees (D)				Sum of A, B, C and D as a % of the net profits after tax (%)		Remuneration from reinvested enterprises outside subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General manager	Dakuan Yang	3,226	4,482	184	184	1,725	2,097	130	0	130	0	0.52%	0.69%	None
Senior deputy general manager	Lianfu Wu													

Range of remuneration

Remuneration range for each general manager and deputy manger of the Company	Name general manager or deputy general manager	
	The Company	All companies in the financial statements
NT$2,000,000 (inclusive) ~ NT$5,000,000	Dakuan Yang Lianfu Wu	Dakuan Yang Lianfu Wu
Total	2	2

(III) The name of the managerial officer in charge of the distribution of employee profits sharing and the status of the distribution

2020

Unit: Thousand $NT

	Title	Name	Stock amount	Cash amount	Total	Total amount as a percentage of net profits after tax (%)
Manager	General manager	Dakuan Yang	0	520	520	0.05%
	Deputy general manager	Lianfu Wu				
	Senior manager	Qingshou Zhang				
	Manager, Investment and development department	Ruiwan Hong				
	Manager, Administration department	Lina Zhuang				
	Manager, Finance and accounting department	Ping Zhu				
	Manager, Audit department	Yisheng Zhang				
	Nanshenghu Plant Manager	Lianhuo Lin				

Note: The Board of Directors approved the employee remuneration of NT$23,406,000 for 2020, which was estimated based on the average number of employees.

(IV) Analysis of the total remuneration paid to directors, general managers, and deputy general managers in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profits after tax, and explanation of the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.

1. Analysis of the total remuneration paid to directors, general managers, and deputy general managers in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profits after tax

Title	Total remuneration amount as a percentage of net profits after tax (%)			
	2020		2019	
	The Company	All companies included in the consolidated finanacial statements	The Company	All companies included in the consolidated finanacial statements
Director	5.22%	6.65%	5.09%	7.60%
General manager or deputy general manager	0.52%	0.69%	0.56%	0.69%

2、Policy, criteria, and combination of remuneration

The Company shall pay remuneration to directors, managerial officers, and employees in accordance with the Company's Article of Incorporation, the Remuneration Committee Charter and human resources rules & regulations. The procedures for determining the remuneration are as follows:

(1) The principle of directors' remuneration

The Company’s remuneration policy for directors is stipulated in the Company’s Articles of Incorporation. Where the Company makes a profit for a year, the director’s remuneration shall be distributed as per the Company’s Articles of Incorporation and approved by the Board of Directors. The Board of Directors are authorized to determine directors’ remuneration and honoraria as per the usual standard in the industry.

(2) General manager or deputy general managers

The remuneration of the Company’s general manager and deputy general managers includes salary, bonuses and employee remuneration, and the remuneration is determined in a reasonable manner based on their education and experience, the usual salary level in the same industry, the responsibilities assumed for their positions, the achieving of goals, and the degree of their contribution, as well as the Company's business performance for the year, which should be able to demonstrate their responsibilities and risks assumed.

(3) Employees

As for the employees’ performance evaluation and salary and remuneration, the content and amount of individual salary and remuneration are determined based on the usual level in the same industry, evaluation results obtained from the performance evaluation standards, personal performance, the Company’s operating performance, and future risks.

3. Relevance to business performance and future risks

It is determined based on the Company's annual operating performance, to the usual payment level in the industry, and the overall changes in the overall business environment while considering the positive correlation with Company's operating performance and future risks to achieve a balance between sustainable operation and risk control.

(1) The Company’s Remuneration Committee regularly reviews, evaluates and determines the remuneration for directors, and managerial officers, and submits their remuneration to the Board of Directors for discussion and approval; during the board discussions, if the committee’s recommendation is not adopted or revised, more than two-thirds of the directors should be present and more than half of the directors who are present should agree to do so, and it is necessary to explain whether the approved remuneration is better than the recommendation by committee.

(2) Directors and managers shall not be guided to engage in behavior that is outside the scope of the Company risk tolerance in pursuit of remuneration, and shall not focus on short-term results.

(3) The proportion of dividends and partial variable salary and remuneration for the short-term performance of high-level managerial officers shall be determined based on the industry characteristics and the nature of the Company's business.

IV. The Company's implementation of corporate governance

(I) The operations of the Board of Directors

1. In the most recent year, the Board of Directors held 6 meetings, and the attendance of directors is as follows:

2020

Title	Name	Attendance in person (times)	Attendance by proxy (times)	Actual attendance (%)	Note
Chairman	Jeeshing Yang	6	0	100	
Director	Chunghsiung Yang	6	0	100	
Director	Daqin Yang	6	0	100	
Juristic-person representative of director	Powei Yang	5	0	83	
Director	Shelly Sheueching Kao	6	0	100	
Director	Renshiung Yang	6	0	100	
Independent director	Jhengting Chen	5	1	83	
Independent director	Lihsiung Chen	6	0	100	
Independent director	Chengtung Shih	6	0	100	

Other matters to be recorded:

I. For matters listed in Article 14-3 of the Securities and Exchange Act or other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements, the date and period of the board meeting, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to "Important Resolutions of the Board of Directors" on pages 38 to 39.

(II) Except for the matters above, other board meeting resolutions for which independent directors expressed objections or reserved opinions on record or in a written statement: None.

(III) The implementation of directors' recusal of proposals for being interested parties: None.

II. Evaluation of the goals of strengthening the functions of the Board of Directors and the implementation in the current and last years: The Company communicates with CPAs in writing on relevant governance matters quarterly, and the Board of Directors invited CPAs to attend the board meeting to communicate with them on March 31, 2020.

The "Board of Directors' Self-evaluation or Peer Evaluation Rules" have been formulated to report the board performance evaluation results to the Board of Directors to further implement corporate governance and enhance the board functions.

2. The independent directors' attendance at board meetings in 2020

2020	1st	2nd	3rd	4th	5th	6th
Jhengting Chen	Attended in person	Attended by proxy	Attended in person	Attended in person	Attended in person	Attended in person
Lihsiung Chen	Attended in person	Attended in person	Attended in person	Attended in person	Attended in person	Attended in person
Chengtung Shih	Attended in person	Attended in person	Attended in person	Attended in person	Attended in person	Attended in person

(II) Implementation of the evaluation of the Board of Directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2020 to December 31, 2020	The entire board	Internal self-evaluation by the Board of Directors	1. Participation in the Company's operations 2. Improvement to the quality of decision-making by the Board of Directors 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal control
Once a year	January 1, 2020 to December 31, 2020	Individual directors	Self-evaluation by board members	1. Keeping abreast of the Company's goals and mission 2. Awareness of directors' duties 3. Participation in the Company's operations 4. Internal relationship management and communication 5. Professional and continuing education of directors 6. Internal control

(III) Highlights of the annual work of the Audit Committee and its operations

1. The aim of the Audit Committee is to assist the Board of Directors in overseeing the quality and integrity of the Company's implementation of accounting, auditing, financial reporting processes and financial controls. The matters reviewed in 2020 mainly include:

(1)Financial statement audits and accounting policies and procedures.

(2)Internal control systems and related policies and procedures.

(3)Material loans and endorsements/guarantees provided.

(4)Independence and performance evaluation of CPAs.

(5)Appointment and professional fees of CPAs.

(6)Appointment and dismissal of finance, accounting and internal audit officer.

2. The operations of the Audit Committee:

In 2020, the Audit Committee held 5 meetings, and the attendance of independent directors is as follows:

Title	Name	Attendance in person (times)	Attendance by proxy (times)	Actual attendance (%)	Note
Independent director	Jhengting Chen	5	0	100	
Independent director	Lihsiung Chen	5	0	100	
Independent director	Chengtung Shih	5	0	100	

Other matters to be recorded:

I. If the operation of the Audit Committee is under any of the following circumstances, the date, period, proposal content, resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be described:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date of the meeting	Proposal content	Resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions
2020/03/31 1st term - 7th meeting	Reported on 2020 financial statements.	Agreed to pass by all the members present, submitted to the Board of Directors and approved by all the directors present without any objection.
	The Company's appointment, professional fees, and evaluation of the independence of CPAs for 2020.	
	Amended "Regulations Governing Internal Control Systems".	
2020/11/12 1st term - 10th meeting	Subsidiary Hsin I Ready Mixed Concrete Co., Ltd. applied for endorsement/guarantee provided by the Company for the renewal of a lease contract regarding the Company's mining land.	Agreed to pass by all the members present, submitted to the Board of Directors and approved by all the directors present without any objection.

(II) Other than the matters in the preceding paragraphs, resolutions not approved by the Audit Committee but approved by two-thirds or more of all directors: None.

II. With respect to the implementation of directors' recusal of proposals for being interested parties, the names of the independent directors, the contents of the proposals, the reasons for the recusal and the circumstances of their participation in voting: None.

III. The communication status between independent directors, internal audit officer, and CPAs (material matters, methods, and results of communication on the Company's financial and business status shall be included):

(I) Independent directors shall convene Audit Committee meetings on a quarterly basis and internal audit officer shall attend the meetings to report on the implementation of audit work and significant matters related to internal control and audits, and to complete the implementation, reporting and tracking of the matters directed by independent directors.

(II) The CPAs appointed by the Company communicate with independent directors on a quarterly basis in the Audit Committee meetings for matters as required by relevant laws and regulations, and communicate on financial statements and matters related to the audit and certification at the Audit Committee in a non-voting capacity in the first quarter of each year

Meeting date	Communication with internal audit officer	Communication with CPA
2020/03/31 1st term - 7th meeting	Report on the 2020 audit work.	Report on the audit results of the 2020 financial statements.
2020/05/13 1st term - 8th meeting	Report on the 2020 audit work.	
2020/08/14 1st term - 9th meeting	Report on the 2020 audit work.	
2020/11/12 1st term - 10th meeting	Report on the 2020 audit work.	

*The three independent directors of the Audit Committee did not express objections or reserved opinions at the Audit Committee meetings.

(IV) The Company's implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has formulated a set of "Corporate Governance Practice Principles" and disclosed it on the Company website.	None
II. The Company's equity structure and shareholder equity				
(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	✓		(I) The Company has set up a spokesperson/acting spokesperson mechanism and engaged stock affairs personnel to handle shareholders' suggestions or disputes in cooperation with the stock affairs agency appointed, and the contact information is available on the website http://www.hsingta.com.tw, all of which is implemented in accordance with the internal system.	None
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	✓		(II) The Company keeps track of the stake of major shareholders and file reports in accordance with regulations.	None
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	✓		(III) Set up relevant internal control systems in accordance with laws and regulations, has established the "Measures for Governance of Subsidiaries" and other regulations, and holds regular meetings to control operation risks.	None
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	✓		(IV) The Company has established "Operating Procedures for Handling Material Inside Information and Preventing Insider Trading", which are published on the Company's website. On 2020.04.10, 2020.07.17, 2020.10.19, and 2021.01.18, the Company publicized in writing on the possible violations of law caused by insider equity transfers; on 2020.01.02 and 2021.01.05, the Company further advocated in writing the "Operating Procedures for Handling Material Inside Information and Preventing Insider Trading".	None
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated and implemented a diversity policy on membership?	✓		(I) The Company has established a diversity policy on membership in Chapter 3 "Enhancing the functions of the Board of Directors" of the "Corporate Governance Practice Principles". For the 19th Board of Directors of the Company, Ms. Shelly Sheueching Kao, who has industry experience and financial analysis capabilities, was elected as a director; director Jeeshing Yang, director Chunghsiung Yang, director Renshiung Yang, director Darong Yang and director Powei Yang, industry expertise, operational judgment, and operation management, crisis management, leadership, decision-making	None

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			capability and international perspective; independent director Jhengting Chen, independent director Lihsiung Chen and independent director Chengtung Shih, respectively have professional accounting background, financial affairs, professional administrative skills and other industry experience. The proportion of independent directors of the Company is 33%, and the proportion of female directors is 11%. Two independent directors have been in office for less than 3 years, one for 4–6 years. Two directors are over 70 years old, four are between 60 and 70 years old, and three are under 60 years old.	
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?	✓		(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company will set up other functional committees.	None
(III) Whether the Company has formulated board performance evaluation measures and methods, conducts performance evaluations annually and regularly, and reports the results of performance evaluations to the Board of Directors, and uses them as a reference for individual directors' remuneration and nomination for reappointment?	✓		(III) The Company's "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors" was passed on March 31, 2020. The 2020 self-evaluation by the Board of Directors has been completed on January 27, 2021 in accordance with the measures. It was proposed to submit the results of the performance evaluation to the Board of Directors and the Remuneration Committee for reference.	None
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		(IV) The Company periodically evaluates the independence of CPAs on an annual basis, and on March 31, 2020 and on March 30, 2021, the Audit Committee and the Board of Directors approved an evaluation of the independence of the CPAs appointed. The details are as follows: 1. Whether there is any direct or material indirect financial interest between the Group and PwC. 2. Whether the Group has significant close business relationships with PwC. 3. Whether the Group has an employment relationship with PwC. 4. Whether the Group and PwC agreed on contingent professional fees related to audit cases. 5. Whether anyone from PwC currently or within the most recent two years has served as a director, supervisor, managerial officer or position that has a significant influence on audit cases. 6. Does PwC represent the Group in defense of legal cases or other disputes with third parties? 7. Whether the members of the PwC audit team are related to the directors, supervisors, managerial officers or persons who have significant influence on the audit cases of the Group.	None

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			8. Whether the Group has obtained the statement of independence issued by PwC.	
IV. Does the Company as a listed enterprise have suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?	✓		The Finance Department of the Company is responsible for providing information necessary for directors to execute their business, handling matters related to the board meetings and shareholders meetings, taking care of stock affairs, preparing annual reports, minutes of board meetings and shareholder meeting, etc. In addition, the Company has decentralized its governance-related activities, such as establishing an effective corporate governance structure, protecting shareholders' rights and interests, enhancing the functions of the Board of Directors, making the most of monitoring functions, respecting stakeholders' rights and interests, and enhancing information transparency, among others, to various functional units.	None
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	✓		For stakeholder inquiries, recommendations, complaints, and whistleblowing, please contact us directly by phone or by online consultation at the following disclosure website: http://www.hsingta.com.tw.	None
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholder meetings?	✓		The Agency Department of CTBC Bank Co., Ltd. have been entrusted to handle the Company’s stock affairs.	None
VII. Information Disclosure				
(I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	✓		(I) Finance and business matters as well as information on corporate governance are disclosed on the Market Observatory Post System (MOPS) and the website http://www.hsingta.com.tw.	None
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	✓		(II) The Company has a spokesperson and an acting spokesperson and has appointed dedicated personnel to be responsible for information collection and disclosure; the Company has a website to disclose information on the Company’s activities and help stakeholders better understand them; the Company will publish material information in a timely manner as needed; information related to earnings calls or corporate briefing has been posted under the investors relation section of the Company's website. In the future, an English website will be set up as appropriate.	None
(III) Does the Company publicly announce and file annual financial statements		✓	(III) The Company shall announce and file its annual financial statements within three months after the end of each fiscal year,	Filings are made within the time specified by law

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?			announce and file its first, second and third quarterly financial statements within 45 days after the end of each quarter, and announce and file its monthly operating status by the 10th of each month.	
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, Implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	✓		(I) The Group has HR-related management measures in accordance with law, makes contributions for labor pensions, protects employee rights and interests, has a collective bargaining agreement, and has been repeatedly commended by the Ministry of Labor. (II) The Company's labor insurance and various welfare measures such as group injury insurance, regular health checkups, travel allowances, educational subsidies, and consolation payments for employees, as well as provisions of employee welfare funds are in place to take care of employees and their families. (III) In addition to announcing material information in accordance with law, the Company discloses financial, business and corporate governance information on the Company's website, and has dedicated personnel to provide investor inquiry services. (IV) The Group has always attached importance to relationship with suppliers. In addition to building a foundation for mutual trust and benefit, the Group has also established a supplier evaluation system and requested commitments from suppliers to enhance the quality of procurement and transparency of transactions. Supplier management and policies can be found on the Company's website at: http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&id=14. (V) The Company adopts the principle of sustainable operations to pursue its goals, and fully discloses information on the Company's website and the Market Observation Post System to protect the rights of all stakeholders. (VI) The directors of the Group always pay attention to compliance with relevant laws and regulations. (VII) The internal control systems of the Group has required it to conduct risk management and evaluation for various operations according to laws and regulations and materiality, and to carry out self-evaluation and audit to effectively control various risks. (VIII) The Group has established service management measures to handle customer complaints, conduct regular customer satisfaction surveys, set up whistleblowing websites, and review customer service conditions at business meetings. (IX) Liability insurance has been purchased for the current directors for a period of one year (2021.5.1–2022.5.1) with an insurance amount of NT$90,000,000.	None
IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved: 1. The Company's "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors" was already passed on March 31, 2020. 2. The Company plans to release an English version of the annual report and meeting handbook or the 2021 shareholders' meeting. 3. The Company will engage a corporate governance officer in 2021.				

(V) Composition, duties and operation of the Remuneration Committee

1.Composition of the Remuneration Committee: 3 members in total.

Information on the members of the Remuneration Committee

Position (Note 1)	Criteria / Name	With more than 5 years of work experience and the following professional qualifications			Meeting the independence criteria (note 2)								Number of other public companies in which the individual is concurrently serving as a remuneration committee member	Note
		Lecturers or above in public and private colleges and universities in business, legal, financial, accounting or related areas required for the Company's business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations and received certificates required for the Company's business	Work experiences in business, legal, financial, accounting or related areas required for the Company's business	1	2	3	4	5	6	7	8		
Independent director	Jhengting Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent director	Lihsiung Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Others	Shuowen Zhang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Elected on 2019.03.29

Note 1: Please enter either director, independent director or other for position.

Note 2: For each director or supervisor who has met the following criteria for the two years prior to their elections and during their tenure, please mark "✓" in the space below each criterion code.

(1) Not an employee of the Company or its affiliates.

(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

(3) Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.

(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship of the person listed in (2) and (3).

(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the general manager, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the

Act or local laws and regulations).

(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

(9) Not a professional individual who, or an owner, partner, (managing) director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.

(10) Not a person with any of the circumstances under Article 30 of the Company Act.

2.Responsibilities of the Remuneration Committee:

Ａ、Establish and regularly review the policies, systems, standards and structures for performance evaluation and remuneration for directors, supervisors and managerial officers.

Ｂ、Regularly evaluate and determine the remuneration for directors, supervisors and managerial officers.

3. The term of office of the current Committee members: July 02, 2018 to June 20, 2021, the Remuneration Committee has two meetings in the most recent year, and the qualifications and attendance of the members are as follows:

Title	Name	Number of attendance in person	Attendance by proxy (times)	Attendance in person (%)	Note
Convener	Lihsiung Chen	2	0	100	Newly appointed on 2018.07.02
Member	Jhengting Chen	2	0	100	Re-appointed on 2018.07.02
Member	Shuowen Zhang	2	0	100	Re-appointed on 2019.03.29

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the committee's opinions (if the remuneration approved by the board is better than the recommendation proposed by the committee, the difference and reasons should be stated): None.

II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of of the members' opinions should be stated: None.

III. Remuneration Committee meetings:
1. At the 5th meeting of the 4th Remuneration Committee on 2020.01.15, the employee remuneration, directors' remuneration, managers' year-end bonuses, Nanshenghu Plant Manager's salary, and the financial and accounting department manager's salary proposals were all passed by all the members present as proposed without objection. Said proposals were submitted to and approved by the Board of Directors.
2. At the 6th meeting of the 4th Remuneration Committee on 2020.10.21, the report on the execution of the proposals approved at the prior meeting, the meeting minutes were submitted to the Board of Directors.

Note 1:If a member of the Remuneration Committee leaves before the end of the year, the date left should be indicated in the Note column. The attendance in person (%) is calculated based on the number of the Remuneration Committee meetings and the individual's attendance during his or her employment.

Note 2:If there is a re-election of the Remuneration Committee before the end of the year, both the new and old members of the Committee should be listed, and whether the member is old, newly-elected or re-elected and the date of re-election should be indicated in the Note column. The attendance in person (%) is calculated based on the number of the Remuneration Committee meetings and the individual's attendance during his or her employment.

(VI) The fulfillment of social responsibilities

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
I. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		Each year, the Company reviews the risks faced by it and performs risk assessment, classifying different risk items by probability, materiality, acceptability, and response, etc. The company has established various regulations and measures, which are enforced and controlled by each executive unit in accordance with law, and internal audit is responsible for review and feedback. The Company responds to different levels of risk by adopting different combinations of risk aversion, risk acceptance, risk transfer, risk reduction, and risk utilization for	None
II. Has the Company set up a full-time (part-time) unit to promote corporate social responsibility, together with senior management authorized by the Board of Directors to handle related matters and report to the board on the handling of the matters?	✓		The Company has a corporate social responsibility team, as well as an environmental protection office and a safety and health management office dedicated to air pollution, water pollution, waste, safety, health and environmental management, etc.; as for social welfare matters, the relevant units are responsible for their implementation, handling and reporting.	None
III. Environmental Issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	✓		(I) The Company has conducted testing, recording, and filing on the characteristics of the cement industry in accordance with environmental protection laws and regulations, and has made efforts to upgrade pollution prevention equipment and reduce pollution emissions to meet standards and regulations. In addition, there are instructions on CEMS monitoring and management, water discharge management, air pollution prevention, waste management operations, environmental protection training and awareness, as well as environmental protection organization and their rights and responsibilities, etc.	None
(II) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	✓		(II) The Company is fully committed to promoting environmental protection, circular economy and resource recycling. The Company makes great efforts towards reducing the use of raw ore, coal and electricity as well as zero waste water discharge from the processes; in terms of reuse of business waste, the Company has made the reuse of resources in the circular economy a key development plan. For example: Using desulfurized gypsum and fly ash produced by power plants, iron slag produced by steel plants, silica sand and clay from waste earthwork as raw materials; helping photovoltaic power and semiconductor industries treat calcium fluoride sludge, and treat water washed stabilized ash from incineration plants and the recycled aggregates. The Company is committed to reducing the discharge of pollutants from processes and improving the efficiency of resource use actively to maximize the recycling of resources.	None
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?	✓		(III) To cope with potential wind damage and rain disasters that may be caused by climate change, the Company's Nanshenghu Plant has formulated relevant implementation measures in advance to reduce or avoid potential risks. Also, the Company actively participates in the government's technical guidance sessions on voluntary greenhouse gas reduction and invests in equipment to improve processes, reduce energy consumption, and increase renewable resources as raw materials for production to respond to	None

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			energy conservation and carbon emissions issues and regulations due to climate change The extreme climate events arising from climate change, such as strong winds and heavy rains, may cause damage to machinery, shutdowns, and other potential hazards. In addition, the government's requirements to reduce greenhouse gas emissions and the possible levy on carbon will lead to additional costs. Countermeasures: Improve processes, reduce energy consumption, and use renewable resources, which can cut costs, improve corporate image, and fulfill corporate social responsibility.	
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	✓		(IV) The Company's Nanshenghu Plant has conducted annual greenhouse gas emissions examinations since 2013, and has been certified by AFNOR and its annual greenhouse gas emissions have been registered on the “National Greenhouse Gas Registration Platform of the Environmental Protection Bureau, Executive Yuan”. In addition, in accordance with the government's 2015 energy-saving and carbon-reduction plan, the policy of reducing power consumption by 5% within 5 years will be implemented; In addition to the water consumption being registered on the "Water Pollution Control Information Management System of the Environmental Protection Administration, Executive Yuan" every six months in accordance with law, the goal of zero discharge for process water recycling has been achieved; The total amount of business waste has registered on the "Business Waste Declaration and Management Information System of the Environmental Protection Administration, Executive Yuan" every month, and the business waste is properly processed and reused by the Company through the rotary kiln system. The Nanshenghu Plant continues to pay attention to and invest in improvements for various environmental protection issues, such as air pollution control and prevention, water pollution control and prevention, energy saving and carbon reduction, and greenhouse effect and hopes to co-exist and co-prosper with the local environment and share the win-win-win result among our plant, the local environmental policy and the ecological environment in Yilan. The greenhouse gas emissions of the Nanshenghu Plant were 529,095.045 metric tons of carbon dioxide equivalent in 2019 and 561,073.019 metric tons of carbon dioxide equivalent in 2020 (the data for 2020 is pending verification); use of groundwater was 157,774 cubic meters in 2019 and 201,398 cubic meters in 2020. The amount of waste processed by entrusted entities was 89.01 metric tons in 2019 and 80.66 metric tons in 2020.	None
IV. Social Issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and	✓		(I) The Company has formulated various measures on personnel management in accordance with relevant labor laws and regulations as well as internationally recognized basic labor human rights	None

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
regulations as well as the International Bill of Human Rights?			principles, and has set up an employee welfare committee and corporate labor unions to ensure the legitimate rights and interests of employees and non-discriminatory employment. Refer to the website for the Company's human rights policy and whistleblowing channels for violations of the policy http://www.hsingta.com.tw/file/dw/HS10702.pdf。 Implementation status: See the labor-management relations in this annual report.	
(II) Whether the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration?	✓		(II) Reasonable remuneration, vacation and various employee welfare measures have been implemented in accordance with relevant labor laws and regulations (see "Labor Relations" in this annual report for more details), and various cash awards are regularly assessed and paid for childbirth and three festivals. In addition, according to the Company's Article of Incorporation, "1% to 3% of the annual profits shall be set aside as employee bonus. The average remuneration of employees in 2019 and 2020 years was approximately the same.	None
(III) Does the Company provide employees with a safe and healthy working environment, and related education?	✓		(III) In accordance with the certification of the "Taiwan Occupational Safety and Health Management System" (TOSHMS), the Company's Nanshenghu Plant has established and implemented an effective and preventive safety and health management system, and provided relevant education and training and regular "on-site health services" with contracted medical personnel. The occupational safety committee has been established and its composition include more than one-third of labor representatives in addition to professionals. The committee meets at least once a quarter to make recommendations on safety and health policies, and to review, coordinate and suggest safety and health related matters. There is a safety and health management office responsible for the awareness and maintenance of workplace safety, and regular training and employee health checkups are implemented to reduce hazards to employee safety and health, prevent occupational hazards, and improve employee working environment.	None
(IV) Has the Company established an effective career development training program for employees?	✓		(IV) The Company's production plant has set up a human resources section, which focuses on offering of professional training and acquisition of technical certification, and gradually establishes career development training programs for employees in various professions.	None
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?	✓		(V) The Company's plant has obtained ISO9001 certification, with cement products meeting the CNS Marking requirements, and has "Service Management Measures", "Personal Data Protection Management Measures" and other specifications for compliance, and has set up a complaint channel on the website; in addition, the departments and personnel in charge of business are the front line of action to collect information and resolve and report relevant problems. The Company's products, services and labeling are in accordance with government regulations and international standards.	None
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational	✓		(VI) Before the Company deals with major suppliers, they will need to undergo reviews and evaluations and will be expected to live up to the International Bill of Human Rights, fulfill corporate social responsibility, develop a sustainable environment, enhance resource	None

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
safety and health, or labor rights, and monitor their implementation?			efficiency, and treat each other with integrity and equality. Refer to the website http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&id=14。 Suppliers still need to undergo continuous evaluations after being qualified by the initial reviews and evaluations. If any supplier is involved in illegal acts, violations of social norms, or breaches of quality commitments, the Company may terminate its qualifications at any time. Supplier management and policies can be found on the website of HSING TA.	
V. Does the Company make reference to international reporting standards or guidelines to prepare corporate social responsibility or other reports that disclose non-financial information about the Company? Has the confirmation or assurance opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?		✓	The Company has formulated the 2017 corporate social responsibility report with reference to international reporting guidelines but has not obtained certification from third-party.	No confirmation from third-party certifying institutions.
VI. If the Company has related practice principles of its own in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please state the differences between the two and the state of implementation: No material difference.				
VII. Other important information that is helpful to understand the implementation of corporate social responsibility: (I) The Group's Nanshenghu Plant: 1. In addition to actively assisting Su'ao Cold Spring Cultural Festival, hiking, road running and other cultural and charitable activities organized by the Su'ao Township Office, Yilan County, the Company's Nanshenghu Plant provided NT$600,000 in scholarships to benefit junior and senior high school students in the county in 2020. 2. The Group's Nanshenghu Plant constantly sponsors festive events in the neighboring communities and temples; gives gifts to residents near the plant during Chinese New Year to fulfill the responsibility of being a good neighbor; and in response to the activities of the Environmental Protection Bureau activities, adopts the front section of the Taiwan no. 9 highway and the Mingde Industrial Road leading to the Wulaikeng Scenic Area, and regularly send staff to sweep and cut the weeds along the road. 3. Residents in the vicinity of the Group's Nanshenghu Plant feared that the original drainage ditch could not cope with heavy rainfalls and therefore, the Company provided 350 Pings of land behind the plant for free and cooperated with the Soil and Water Conservation Bureau and other units to widen, improve and afforest the river course. 4. With the belief of "Take from society, give back to society", in addition to having cooperated with National Yang-Ming University Hospital, sponsored the "Sheng'ai Village" and "Shenghu Village" communities in Su'ao Township, held the "Interactive Mechanical Assisted Health and Fitness Promotion Courses" and the "XBOX Somatosensory Exercise Courses", the Group continues to sponsor various community activities to motivate the elderly in the community to keep regular hours and maintain health. 5. Sheng'an Temple was built on the land where the Nanshenhu Plant of the Group is located with a long history. It is the central religious belief of the local residents. The Company donated 252 pings of land to the Temple to make its property rights complete. 6. Assist in the development of industries, culture and education in the indigenous communities, and donate to various community development associations for school equipment and training and development expenses in Nan'ao Township. 7. The Group financed the cleaning of the drainage ditch around the plant to ensure that the surrounding farmland would not be affected when heavy rain came. (II) The Group's Jiangsu Xinning Plant: 1. As the only cement company rated Grade A in the performance evaluation of the cement industry in Jiangsu Province. In 2020, the actual nitrogen oxide emission concentration was less than 40mg/Nm3, and the nitrogen oxide emission was 132.228 tons, a decrease of 4.814% year on year. In 2020, sulfur dioxide emissions were 16.899 tons, a decrease of 3.131 tons or 18.53% year on year. Jiangsu Xinning Plant has carried out tree planting, building beautification, cleaning of equipment to renovate the plant areas. The coverage of trees reached 42.7%, an increase of 18% from the initial stage of operations. Meanwhile, the mine area is restored through tree planting while mining, the road to the mine is hardened with trees planted, and vehicles are monitored throughout the process. The plant's mine was selected as a national green mine by the Ministry of Land and Resources in 2019.				

2. Implementation of corporate governance

(1). Actively participate in other social responsibility activities such as environmental protection and energy conservation, social participation, social contribution, social services, social welfare, consumer rights, human rights, safety, sanitation, and health, such as waste recycling treatment and social activity donations, etc.

(2). The relevant units are responsible for environmental protection and various social welfare matters, such as engineering transformation, environmental governance, environmental beautification and services, etc. to reduce the impact on the natural environment; reduce the discharge of pollutants and waste, and properly dispose of waste, increase the comprehensive utilization of resources, and maximize the sustainable use of resources.

(3). Training and promotion are held from time to time on corporate ethics, which is incorporated in employees' comprehensive assessment. The HR management measures have basic rules, confidentiality obligations, and prohibition of corruption, malfeasance, bribery, etc., and rewards and punishments are given according to the degree and included in the employee performance assessment.

3. For the development of a sustainable environment, is committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment.

In 2020, the Company planned to continue to implement the cement kiln and resource reuse project to increase the comprehensive utilization of resources and to carry out modifications for energy conservation and emission reduction.

With the newly developed denitrifying agent to facilitate denitrification at the kiln inlet, the Company adopts the "nitrogen oxide emission concentration less than 40mg/Nm3" as an internal control indicator to meet the requirements of relevant policy so as to reduce the impact on the environment in multiple aspects.

4、Establish an appropriate environmental management system according to the characteristics of the industry

(1) Carry out testing, recording, and reporting on the characteristics of the cement industry in accordance with relevant environmental protection laws and regulations, and strive to improve pollution prevention equipment and reduce pollution emissions to meet regulatory standards.

(2). There is an industrial and environmental section dedicated to air pollution, water pollution, waste management and other related matters.

(3) Actively transform plant equipment, reduce the unit consumption of products, and continuously renovate plant equipment to achieve the goal of energy saving, low carbon and emission reduction.

5. Maintain social welfare

(1) The Company has formulated various measures on personnel management, money awards, leave of absence, and retirement management, etc. in accordance with relevant labor laws and regulations as well as internationally recognized basic labor human rights principles, and has set up an employee welfare committee to ensure the legitimate rights and interests of employees and non-discriminatory employment.

(2) There is an industrial and environmental section responsible for the awareness and maintenance of workplace safety, and regular training and employee health checkups are implemented to reduce hazards to employee safety and health, prevent occupational hazards, and improve employee working environment.

(3) There is a quality control division to handle customer feedback and questions at any time, and the business department regularly conducts customer opinion surveys to ensure the quality of customer service.

(4) The Company enforces strict quality control and acceptance procedures and establish cooperative relationships with excellent suppliers through supplier evaluation, and work together to improve equipment efficiency and product quality. The Company is actively committed to cooperating in the processing of the sludge from the Nanjing Sewage Plant, taking on social responsibility and comprehensive reuse of resources.

(5) Every year the ditches at the boundary of the plant are dredged to facilitate the water conservancy of the farmland of the surrounding people in the rainy season.

(6) The Company makes donation to poverty-stricken students in Xingdian primary and secondary schools with scholarships, visit poor households in the community during the Spring Festival, purchase books and other materials, provide emergency relief, actively participate in community services and other public welfare activities, act in response to the national targeted poverty alleviation work, and actively participate in the "Jiangsu Shaanxi Cooperation" targeted poverty alleviation work, local donation work for the COVID-19 pandemic.

(III) The Group has obtained product certification, quality management system certification (ISO9001), safety production standardization certificate, "Taiwan Occupational Safety and Health Management System" TOSHMS certification, and ISO/IEC 10725 certification for laboratories in the Republic of China.

(VII) The Company's implementation of ethical corporate management and the measures taken

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
I. Formulate ethical corporate management policy and plan				
(I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	✓		(I) The "Ethical Corporate Management Principles", "Code of Ethical Conduct" and "Code of Conduct for Employees" have been formulated and then approved by the Board of Directors and all members of the Company conduct business in accordance with the principles, rules and guidelines. In addition, all suppliers are required to sign a letter of commitment to comply with the Company's ethical policy in all dealings. For more information about ethical corporate management, please refer to the Company's website.	None
(II) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) The Company conducts risk assessment for each operation every year and has implemented the internal control systems; conducts education and audits on higher-risk operations; has established and implemented the "Ethical Corporate Management Principles" ; as well as prevents dishonest conducts, etc. among other relevant regulations.	None
(III) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?	✓		(III) The Company has provided timely education, training and guidance, and included the prevention and handling of dishonest conducts in the Company's relevant regulations, and has actually implemented and reviewed them in a timely manner. Among them, the "Procedures for Reporting Dishonesty and Misconduct" has been established, and platforms and information communication channels for reporting misconduct have been set up on the Company's website and with a mailbox, and relevant information has been announced by email and bulletin boards.	None
II. The implementation of ethical corporate management				
(I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	✓		(I) When selecting a partner, the Company avoids dealing with one with an unethical record; in addition, the Company shall obtain a letter of commitment from the supplier or stipulate in the contract to ensure that the Company's ethics and integrity standards and fair trading practice will be the basis for all dealings. In the event that a supplier violates the terms of the commitment, the Company may immediately terminate or cancel contracts signed and impose a fine as agreed.	None
(II) Does the Company have a dedicated	✓		(II) The Company has an ethical corporate management team and	None

Evaluation Items		The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
		Yes	No	Summary Description	
	unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?			the Administration department is the executive unit to promote ethical corporate management, and the Board of Directors and the management regularly promote and continuously supervise the implementation.	
(III)	Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?	✓		(III) The Company has established the "Ethical Corporate Management Principles", "Code of Ethical Conduct" and "Code of Conduct for Employees," which clearly stipulate that individuals must not sacrifice the rights and interests of the Company for their personal interests, and if anyone finds a violation, he or she may report or file a complaint in accordance with the procedures for reporting dishonesty and misconduct.	None
(IV)	Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	✓		(IV) The Company has established suitable and effective accounting systems and internal control systems and implemented them actively. Each executive unit performs self-assessment of internal control regularly every year. The Audit Department evaluates the Company's risks every year, draws up an internal audit plan as per the results of the risk assessment, and performs audit accordingly. The Company did not have material non-compliance with the internal control system and violation of regulations.	None
(V)	Does the Company regularly organize internal and external education and training on ethical corporate management?	✓		(V) The Company's rules and methods contain the spirit of ethical corporate management. The Company increases employees' awareness of the importance of ethical corporate management at important meetings occasionally, and dispatches personnel to participate in external ethical corporate management seminars and training. For example, the Company conducted the awareness-raising activity for ethical corporate management on July 2, 2020. The Company also organized internal and external education and training on ethical corporate management issues (including ethical corporate management, compliance, safety and health management, accounting systems, and internal control) with 105 participants and 531 person-hours in total.	None
III. The operation of the Company's whistleblower reporting system					
(I)	Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	✓		(I) The "Procedures for Reporting Dishonesty and Misconduct" have been established, which include reporting and reward systems, and dedicated personnel have been assigned to handle related matters. For the reporting procedures and website, refer to http://www.hsingta.com.tw。	None

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	✓		(II) The operating procedures for receiving whistleblowing and investigations have been established, and there are dedicated personnel responsible for taking relevant measures, handling data confidentiality processing and getting confidentiality declarations after the investigation.	None
(III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	✓		(III) In the whistleblowing process, the Company has promised to protect whistleblowers from being improperly handled as a result.	None
IV. Enhance Information Disclosure Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	✓		Company website: http://www.hsingta.com.tw. In 2020, the Company did not have any incidents that violated ethical corporate management.	None
V. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please state the differences between the two and the state of implementation: No material difference as the Group adheres to the principles of ethical corporate management.				
VI. Other important information that is helpful to understand the implementation of ethical corporate management (For example, if the Company reviews and amends its ethical corporate management principles.): Evaluate and review the implementation from time to time.				

(VIII)If the Company has formulated the “Corporate Governance Practice Principles” and related rules, it shall disclose its inquiry methods:

“Corporate Governance Practice Principles” and other operating procedures have been established. For related contents, please refer to the website: http://www.hsingta.com.tw→About HSING TA→Major Regulations.

(IX) Other important information that is helpful to understand the Company's implementation of corporate governance:

1. Continuing education of directors

Title	Name	Education Date		Organizer	Course Name	Education Hour	Note
		From	To				
Independent director	Lihsiung Chen	2020/08/19	2020/08/19	Taishin Financial Holding Co., Ltd.	Money LaunderingPrevention and Control and Financial Crime Risk Management Trends	1.5	
Independent director	Jhengting Chen	2020/10/21	2020/10/21	CPA Associations of the R.O.C.	Exploration of Fraud in Financial Statements and Risk Management	3	
		2020/12/07	2020/12/07	CPA Associations of the R.O.C.	Trends and Prospects in the Post-APG Era	3	

2. Education and training of managerial officers on corporate governance

Title	Name	Education Date		Organizer	Course Name	Education Hour	Note
		From	To				
Manager	Yisheng Zhang	2020/01/16	2020/01/16	Taiwan Stock Exchange	Seminar on Intellectual Property Management Obligations of the Board of Directors of Public Companies	3	
		2020/07/14	2020/07/14	The Institute of Internal Auditors	Policy Analysis and Exploration of Key Internal Audit and Internal Control Practice for Enterprises to Improve Their Ability to Self-Prepare Financial Reports	6	
		2020/10/23	2020/10/23	Taiwan Stock Exchange	Seminar on 2020 Corporate Governance and Ethical Corporate Management for Directors and Supervisors of Public Companies	3	
		2020/12/04	2020/12/04	The Institute of Internal Auditors	Case Study of Corporate Governance and Audit—Centered on the Board of Directors and the Shareholders' Meeting	6	
Manager	Ping Zhu	2020/09/30	2020/09/30	Taiwan Stock Exchange	2020 Insider Trading Prevention and Insider Equity Trading Seminar	3.5	
		2020/10/16	2020/10/16	Taiwan Stock Exchange	Seminar on 2020 Corporate Governance and Ethical Corporate Management for Directors and Supervisors of Public Companies	3	

3. Education and training of personnel related to company financial information transparency

Department	Education Date		Course Name	Education Hour	Number of trainees
	From	To			
Audit department	2020/07/14	2020/07/14	Policy Analysis and Exploration of Key Internal Audit and Internal Control Practice for Enterprises to Improve Their Ability to Self-Prepare Financial Reports	6	1
	2020/11/02	2020/11/02	Common Deficiencies in the Preparation of Financial Reports and Compliance with Internal Audit and Internal Control	6	1
	2020/11/26	2020/11/26	How to Prevent Material Financial Fraud Cases	6	1
Finance and accounting department	2020/01/17	2020/01/17	2020 Stock Affairs Laws Seminar of CTBC Bank	3	2
	2020/09/24	2020/09/24	2020 Chief Financial Officer Seminar	3	1
	2020/10/07	2020/10/07	The Boundary Between Corporate Supervision and Employees' Rights	3.5	1
	2020/10/20	2020/10/20	2020 Public Company Business Seminar	3	2
	2020/12/11	2020/12/11	Seminar on Financial and Accounting Managers' Views on "Financial Supervision and Banking Letters"	3.5	2
	2020/12/21	2020/12/21	Seminar on Promoting the Adoption of International Financial Reporting Standards in Taiwan in the Fourth Quarter of 2020	3.5	4

(X) Implementation of internal control systems

1. Statement of internal control

HSING TA CEMENT CO.,LTD

Statement on internal control system

Date: March 30, 2021

The Company states the following for its 2020 internal control system based on the results of self-evaluation:

I. The Company knows that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managerial officers, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.

II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of internal control system adopted in the "Regulations" are based on the process of managerial control and divide internal control system into five components: 1. control environment, 2. risk evaluation, 3. control operations, 4. Information and communication, and 5. Monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.

IV. The Company has adopted the aforementioned criteria of internal control system to evaluate the effectiveness of the design and implementation of its internal control system.

V. Based on the evaluation results of the preceding paragraph, the Company believed that the design and implementation of its internal control system was effective as of December 31, 2019 (including the supervision and management of subsidiaries), with a understanding of the extent to which the objectives of effectiveness and efficiency of operations were achieved, whether the reporting was reliable, timely, transparent, and if the compliance with relevant rulings, laws and regulations is met, and a reasonable assurance of the achievement of these objectives.

VI. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.

VII. This statement was approved by the Company's Board of Directors on March 30, 2021. Of the 9

directors present, 0 had objections, and the rest all agreed with the content of this statement and declare here.

HSING TA CEMENT CO.,LTD

Chairman: Jeeshing Yang

General manager: Dakuan Yang

2. Where a CPA was entrusted to review the internal control system, the review report should be disclosed: Not applicable.

(XI) During the most recent year or during the current year up to the date of publication of the annual report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the results of such punishments may have a material effect on shareholder equity or securities price, the contents of the punishments, major deficiencies and improvements should be listed: None.

(XII) Important resolutions of the shareholder meeting and board meeting during the most recent year or during the current year up to the date of publication of the annual report:

Date	Board meeting/shareholder meeting	Important resolution		Matters listed in Article 14-3 of the Securities and Exchange Act.
2020.03.31	Board meeting	1. Resolved to approve the Company's 2019 business report. 2. Resolved to approved the Company's 2019 profits sharing for employees and directors. 3. Resolved to approved the Company's 2019 stand-alone and consolidated financial statements. 4. Resolved to approve the Company's 2019 earnings distribution proposal. 5. Resolved to approve the Company's 2020 appointment, professional fees, and evaluation of independence of CPAs appointed. 6. Resolved to approve the Company's 2019 "Statement on Internal Control Systems". 7. Resolved to approve the conclusions of the 4th term - 5th meeting of the Remuneration Committee of the Company. 8. Resolved to approved the amendment to the Company's "Rules Governing the Scope of Powers of Independent Directors". 9. Resolved to approve the amendment to "Audit Committee Charter". 10. Resolved to approve the proposed time, place and agenda of the 2020 regular shareholder meeting. 11. Resolved to approve the amendment to the Company's "Rules of Procedure for Board of Directors Meetings". 12. Resolved to approve the amendment to the Company's "Regulations Governing Internal Control Systems". 13. Resolved to approve the amendment to "Remuneration Committee Charter". 14. Resolved to approve the amendment to "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors".		ˇ ˇ ˇ
2020.05.13	Board meeting	1. Resolved to approve the extension to the credit lines with E.SUN COMMERCIAL BANK and Shanghai Commercial & Savings Bank. 2. Resolved to approve the proposal for designation of personnel to keep and supervise the seals for the Ministry of Economic Affairs by the Board of Directors as per Article 6 of the Seal Management Regulations. 3. Resolved to approve the Company's "Corporate Governance Practice Principles".		
2020.05.21	Board meeting	1. Resolved to approve that the Company's premises located at No. 106, Hengyang Road were to be constructed in cooperation with Chainqui Construction Development Co., Ltd.		ˇ
2020.06.23	Shareholder meeting	1. Adopted the Company's 2019 final accounting reports. 2. Adopted the Company's 2019 earnings distribution proposal.		
		Review of implementation status	1. The important resolutions of the shareholder meeting have been addressed, and the execution was considered appropriate. 2. With respect to the Company's 2019 earnings distribution, the cash dividend per share was NT$1.1, with July 24, 2020 set as the ex-dividend date, and was paid out on August 17, 2020. The execution was considered appropriate.	

Date	Board meeting/shareholder meeting	Important resolution	Matters listed in Article 14-3 of the Securities and Exchange Act.
2020.08.14	Board meeting	There was no proposals for discussion and therefore no resolution.	
2020.11.12	Board meeting	1. Resolved to approve the Company's 2021 business report. 2. Resolved to approve the extension of the credit limit with CTBC Bank Co., Ltd. 3. Resolved to approve that subsidiary Hsin I Ready Mixed Concrete Co., Ltd. applied for endorsement/guarantee provided by the Company for the renewal of a lease contract regarding the Company's mining land. 4. Resolved to approve the Company's "2021 Internal Audit Plan". 5. Resolved to approve the appointment of directors and supervisors of the newly established subsidiary Jiangsu Xinning New Building Materials Co., Ltd. 6. Resolved to approve the dividend distribution policy, which would be adjusted from once a year to once every six months.	
2020.12.15	Board meeting	1. Resolved to approve the proposal for the sale of the Company's building and accessory equipment on the land of Sanmin Road in Banqiao to Hsing Ta Industrial Co., Ltd.	ˇ
2021.03.30	Board meeting	1. Resolved to approve the Company's 2020 business report. 2. Resolved to approved the Company's 2020 stand-alone and consolidated financial statements. 3. Resolved to approve the Company's 2020 earnings distribution proposal. 4. Resolved to approve the conclusions of the 4th term - 7th meeting of the Remuneration Committee of the Company. 5. Resolved to approved the Company's 2020 profits sharing for employees and directors. 6. Resolved to approve the Company's 2021 appointment, professional fees and evaluation of independence of attesting CPA. 7. Resolved to approved the Company's 2020 "Statement of Internal Control Systems". 8. Resolved to approve the Company's director re-election proposal. 9. Resolved to approve the proposal to remove the non-compete clause for newly elected directors and their representatives. 10. Resolved to approve the amendment to the Company's dividend policy as resolved by the Board of Directors on November 12, 2020 to revise the payment of the dividend to once a year. 11. Resolved to approve the proposed time, place and agenda of the 2021 regular shareholder meeting.	ˇ ˇ ˇ ˇ
2021.05.11	Board meeting	1. Resolved the list of the nominated candidates for directors (including independent directors).	ˇ

(XIII)During the most recent year or during the current year up to the date of publication of the annual report, if board directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

(XIV) For the most recent year or the current year up to the date of publication of the annual report, summary of the resignation and dismissal of the Company's Chairman, general managers, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer: None.

V. Information on CPA professional fees

The amount of professional fees paid to the CPAs, the accounting firm, and its affiliated enterprises.

Unit: Thousand $NT

CPA firm	CPA name	Audit fees	Non-audit fees					Audit period	Note
			System design	Business registration	Human resources	Others (Note)	Subtotal		
CPA firm: PricewaterhouseCoopers Taiwan	Zongxi Lai Mingchuan Xu	3,690				112	112	2020/1/1~12/31	1. NT$30,000 for IXBRL financial statements filing. 2. NT$20,000 for review of managers' high salary. 3. NT$62,000 for typing and photocopying of financial statements.

Unit: Thousand $NT

Amount of professional fees / Range	Audit fees	Non-audit fees	Total
Less than NT$2,000 thousand		v	v
NT$2,000 thousand (inclusive) ~ NT$4,000 thousand	v		v

(I) If the amount of non-audit fees paid to the attesting CPA, its firm and affiliates is more than one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit service should be disclosed: No such situation.

(II) Where the audit fee paid in the year of the replacement of CPA firm is less than the audit fee in the year before the change, the amount of the audit fee before and after the replacement and the reasons therefor should be disclosed: No such situation.

(III) Where the audit fee has decreased by 10% or more from the previous year, the amount, percentage and reasons therefor should be disclosed: No such situation.

VI. Information on the replacement of CPA: Not applicable.

VII. The evaluation of the independence of CPAs

(I) The Company regularly evaluates the independence of attesting CPA in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". The Company's attesting CPA, Zongxi Lai and Mingchuan Xu of PricewaterhouseCoopers, have been evaluated to meet the Company's independence criteria and are adequate to be the Company's attesting CPA.

2020 annual evaluation of the independence of attesting CPA

Evaluation unit: Finance and accounting department

The evaluation of the independence between HSING TA CEMENT CO.,LTD and its subsidiaries (hereinafter referred to as the Group) and CPA Zongxi Lai and Mingchuan Xu of PricewaterhouseCoopers Taiwan (hereinafter referred to as Pwc) are as follows:

Item	Yes	No
Whether there is any direct or material indirect financial interest between the Group and PwC.		V
Whether the Group has significant close business relationships with PwC.		V
Whether the Group has an employment relationship with PwC.		V
Whether the Group and PwC agreed on contingent professional fees related to audit cases.		V
Whether anyone from PwC currently or within the most recent two years has served as a director, supervisor, managerial officer or position that has a significant influence on audit cases.		V
Does PwC represent the Group in defense of legal cases or other disputes with third parties?		V
Whether the members of the PwC audit team are related to the directors, supervisors, managerial officers or persons who have significant influence on the audit cases of the Group.		V
Whether the Group has obtained the statement on independence issued by PwC.	V	

In summary, apart from appointing PwC to provide finance and tax attestations, the Group does not have any employment, financial interests, or business cooperation relationship with it. Therefore, it is concluded that the CPAs are independent.

The Finance and accounting department will evaluate the independence of CPAs once a year and submit the results to the Audit Committee and the Board of Directors.

It has been evaluated by the department that CPAs Zongxi Lai and Mingchuan Xu meet the Company's independence evaluation criteria and are sufficient to serve as the CPAs of the Company.

(II) The same CPA has not performed attestation services continuously for more than five years.

(III) Through the CPA competency questionnaire every year, the results of the evaluation of the independence of CPAs are compiled every year.

VIII. Anyone among the Company's Chairman, general managers, or any managerial officers in charge of finance or accounting affairs who have in the most recent year held a position at the counting firm of the CPAs or an affiliate of the accounting firm: None.

IX. Any equity transfer or change in equity pledge by a director, supervisor, managerial officer, or shareholder with 10% stake or more during the most recent year or during the current year up to the date of publication of the annual report.

Title	Name	2020		As of April 26, 2021	
		Change in shares held	Change in shares pledged	Change in shares held	Change in shares pledged
Chairman and shareholders with 10% stake or more	Jeeshing Yang	0	0	0	0
Director and shareholders with 10% stake or more	Chunghsiung Yang	0	0	0	0
Director and shareholders with 10% stake or more	Renshiung Yang	0	0	0	0
Director	Daqin Yang	0	0	0	0
Director	Shelly Sheueching Kao	0	0	0	0
Director	Representative, HITURBO CAPITAL CO., LTD.: Powei Yang	0	3,000,000 (2,000,000)	0	0
Independent director	Jhengting Chen	0	0	0	0
Independent director	Lihsiung Chen	0	0	0	0
Independent director	Chengtung Shih	0	0	0	0
General manager	Dakuan Yang	80,586	0	0	0
Senior deputy general manager	Lianfu Wu	20,000	0	0	0
Senior manager	Qingshou Zhang	0	0	0	0
Manager, Finance and accounting department	Ping Zhu	0	0	0	0
Manager, Audit department	Yisheng Zhang	0	0	0	0
Manager, Investment and development department	Ruiwan Hong	0	0	0	0
Manager, Administration department	Lina Zhuang	0	0	0	0
Nanshenghu Plant Manager	Lianhuo Lin (Arrival date: 2019/01/01)	0	0	0	0
Nanshenghu Plant Manager	Rudang Lai (Date of dismissal: 2020/01/03)	0	0	0	0

X. Information on the relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another

Information on the relationship among the top 10 shareholders

April 26, 2021 Unit: shares

Name	Shareholding by the individual		Shareholding of spouse and minor children		Total shareholding in the name of others		The name of and relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another under Statements of Financial Accounting Standards. No. 6.		Note
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name	Relation	
Chunghsiung Yang	41,528,048	12.14%	2,779	0%	0	0%	Renshiung Yang Jeeshing Yang Meihong Hu Xuehua Lin Shue Yang-Chen	Relative within 2nd degree of kinship	-
Renshiung Yang	36,108,783	10.56%	1,153	0%	0	0%	Chunghsiung Yang Jeeshing Yang Meihong Hu Xuehua Lin Shue Yang-Chen	Relative within 2nd degree of kinship	-
Jeeshing Yang	34,426,166	10.07%	14,527	0%	0	0%	Chunghsiung Yang Renshiung Yang Meihong Hu Xuehua Lin Shue Yang-Chen	Relative within 2nd degree of kinship	-
Meihong Hu	20,668,448	6.04%	0	0%	0	0%	Chunghsiung Yang Jeeshing Yang Renshiung Yang Xuehua Lin Shue Yang-Chen Daqin Yang Daqing Yang	Relative within 2nd degree of kinship	-
HITURBO CAPITAL CO., LTD.	15,387,055	4.50%	0	0%	0	0%	None	None	-
Shue Yang-Chen	11,127,966	3.25%	0	0%	0	0%	Chunghsiung Yang Jeeshing Yang Renshiung Yang Meihong Hu Xuehua Lin Dakuan Yang	Relative within 2nd degree of kinship	-
Xuehua Lin	9,498,468	2.78%	0	0%	0	0%	Chunghsiung Yang Jeeshing Yang Renshiung Yang Meihong Hu Shue Yang-Chen	Relative within 2nd degree of kinship	-
Dakuan Yang	8,631,431	2.52%	687,742	0.20%	0	0%	Shue Yang-Chen	Relative within 1st degree of kinship	-
Daqin Yang	8,145,934	2.38%	0	0%	0	0%	Meihong Hu Daqing Yang	Relative within 2nd degree of kinship	-
Daqing Yang	8,119,669	2.37%	0	0%	0	0%	Meihong Hu Daqin Yang	Relative within 2nd degree of kinship	-

XI. The total number of shares and the consolidated equity stake percentage held in any single reinvested enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company

December 31, 2020

Unit: shares; %

Reinvested enterprises	Investment by the Company		Directors, supervisors, managerial officers, and investments controlled either directly or indirectly		Total investment	
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %
HSIN I READY MIXED CONCRETE CO., LTD.	6,072,000	55.20	4,019,441	36.54	10,091,441	91.74
Xin Ni Development Co., Ltd.	5,880,000	98.00	60,666	1.01	5,940,666	99.01
Soaring Power Corporation	46,586,667	66.67	-	-	46,586,667	66.67
TAIWAN OOPARTS CO., LTD	538,072	18.68	1,718,057	59.65	2,256,129	78.33
CHYN DA Construction Co., Ltd.	5,200,000	19.90	4,768,932	18.25	9,968,932	38.15
TAIAN INSURANCE CO ,LTD.	365,173	0.12	-	-	365,173	0.12
Pershing Technology Services Corporation	2,325,651	8.72	-	-	2,173,506	8.72
FUJITEC TAIWAN CO.,LTD.	70,000	2.33	-	-	70,000	2.33
Huan Hua CO.,LTD.	163,183	0.88	-	-	163,183	0.88
DA CHIANG INTERNATIONAL CO., LTD.	3,448,276	1.72	-	-	3,448,276	1.72
KEMITEK INDUSTRIAL CORP.	167,359	0.24	-	-	167,359	0.24
POWER DIGITAL CARD CO., LTD.	796,665	1.70	1,597,793	3.40	2,394,458	5.10
AMCOM COMMUNICATIONS, INC.	708,800	6.83	901,612	8.69	1,610,412	15.52

Four. Capital Raising

I. Capital and shares

(I) Source of capital

Unit: Shares; $NT

April 26, 2021

Year Month	Issue price	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Using property other than cash as payment of shares	Others
2016	10	540,000,000	5,400,000,000	378,900,684	3,789,006,840	-	-	-
2017	10	540,000,000	5,400,000,000	359,955,650	3,599,556,500	-	-	5% cash capital reduction
2018	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	5% cash capital reduction
2019	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-
2020	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-
2021	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-

Share type	Authorized capital				Note
	Outstanding shares	Treasury shares	Unissued shares	Total	
Common shares	341,957,868	0	198,042,132	540,000,000	Listed shares

(II) Shareholder structure

April 26, 2021

Unit: person; shares

Shareholder structure / Quantity	Government agency	Financial institution	Other juristic person	Individual	Foreign institution and individual	Total
Number of persons	0	0	47	7,876	84	8,007
Shareholding	0	0	34,782,905	291,555,560	15,619,403	341,957,868
Shareholding %	0.00%	0.00%	10.17%	85.26%	4.57%	100.00%

(III) Equity dispersion profile

April 26, 2021

Unit: person; shares

Shareholding range	Number of shareholders	Shareholding	Shareholding %
1 to 999	2,561	703,071	0.21%
1,000 to 5,000	3,958	8,472,280	2.48%
5,001 to 10,000	652	5,448,883	1.59%
10,001 to 15,000	189	2,442,856	0.71%
15,001 to 20,000	135	2,506,068	0.73%
20,001 to 30,000	121	3,101,948	0.91%
30,001 to 40,000	60	2,160,824	0.63%
40,001 to 50,000	56	2,582,847	0.76%
50,001 to 100,000	104	7,355,750	2.15%
100,001 to 200,000	66	9,426,471	2.76%
200,001 to 400,000	27	7,905,594	2.31%
400,001 to 600,000	17	8,230,391	2.41%
600,001 to 800,000	10	7,009,865	2.05%
800,001 to 1,000,000	10	8,818,508	2.58%
More than 1,000,001	41	265,792,512	77.72%
Total	8,007	341,957,868	100.00%

(IV) List of major shareholders

April 26, 2021

Unit: shares

Shares / Name of major shareholder	Shareholding	Shareholding %
Chunghsiung Yang	41,528,048	12.14%
Renshiung Yang	36,108,783	10.56%
Jeeshing Yang	34,426,166	10.07%
Meihong Hu	20,668,448	6.04%
HITURBO CAPITAL CO., LTD.	15,387,055	4.50%
Shue Yang-Chen	11,127,966	3.25%
Xuehua Lin	9,498,468	2.78%
Dakuan Yang	8,631,431	2.52%
Daqin Yang	8,145,934	2.38%
Daqing Yang	8,119,669	2.37%

(V) Information on market price, net worth, earnings, dividend per share for the most recent two years

Unit: $NT; shares

Item \ Year			2020	2019	As of March 31, 2021 (Note 2)
Market price per share (Note 3)	Highest		21.60	21.20	23.80
	Lowest		13.60	13.25	18.00
	Average		18.28	17.10	20.44
Net worth per share	Before distribution		21.93	19.94	22.68
	After distribution		(Note 1)	18.84	-
Earnings per share	Weighted average number of shares		341,957,868	341,957,868	341,957,868
	Earnings per share		2.94	2.82	0.83
Dividend per share	Cash dividend		1.50	1.10	-
	Stock dividend	Stock dividend from retained earnings	-	-	-
		Stock dividend from capital surplus	-	-	-
	Cumulative unpaid dividend		-	-	-
Return on investment analysis	Price-to-Earning Ratio (note 4)		6.22	6.06	-
	Price to earning ratio (note 5)		12.19	15.55	-
	Cash dividend yield (note 6)		0.08	0.06	-

Note 1:The Company's 2020 earnings distribution has been approved by the Board of Directors but has not yet been approved by the shareholder meeting.

Note 2:The financial information for the quarter before the date of publication of the annual report has been reviewed by CPA.

Note 3:List the highest and lowest market prices of each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 4:Price to earning ratio = average closing price per share for the year/earnings per share.

Note 5:Price to dividend ratio = average closing price per share for the year/cash dividend per share.

Note 6:Cash dividend yield = dividend per share/average closing price per share for the year.

(VI) Company dividend policy and implementation

1. Dividend policy

For the net profits as concluded by the final accounting close, the Company shall provide for tax payables in accordance with law, make up for the accumulated losses, then set aside 10% as legal reserve unless the legal reserve has reached the amount of the Company's paid-in capital. After the appropriated retained earnings are set aside or reversed in accordance with laws and regulations, the remainder together with the accumulated unappropriated retained earnings of the previous year may be treated as distributable retained earnings, and the Board of Directors shall prepare a distribution proposal and submit it to the shareholder meeting for a resolution to distribute dividends to shareholders.

Dividends are paid based on the distributable amount of the current year's earnings, and after retaining the required funds for long-term financial, investment or major capital budget planning, the remainder is distributed as cash dividends in principle. The cash dividends shall be no less than 1/3 of the remaining distributable amount of the current year's earnings.

2. Dividend distribution proposed at the shareholder meeting

It was proposed at the shareholder meeting proposed to distribute cash dividends of NT$1.5 per share on the basis of 341,957,868 shares outstanding.

(VII) The impact of the proposed stock dividend in the shareholder meeting on the Company's operating performance and earnings per share: Not applicable.

(VIII) Remuneration of employees and directors

1. The percentage or scope of remuneration for employees and directors as per the Company's Articles of Incorporation

(1). If the Company makes profits, it should make an appropriation based on the profits before tax.

Employees: 1% ~ 3%.

Directors' remuneration: No more than 5%.

(2) When the Company still has accumulated losses, it should reserve the off-setting amount in advance.

2. The estimation of the remuneration for employees and directors for this period is based on the number of shares distributed to employees as bonus and the accounting treatment when the estimate and the actual distribution amount are different:

The estimation basis for the current period is based on the profits before tax for the current period, which is estimated based on the percentage range stated in the Company's Article of Incorporation, and recognized as operating costs and operating expenses of the current year. When the estimate and the actual distribution amount are different, the difference is will be adjusted as profit and loss for the following year.

3. The Board of Directors approved the remuneration distribution proposal.

(1) Actual distribution of remuneration to employees, directors and supervisors for 2020

On March 30, 2021, the Board of Directors approved to distribute the remuneration in cash:

- NT$23,405,776 to employees.
- NT$46,811,552 to directors.
- The amount of remuneration for employees and directors is the same as the expense recognized in the year without any difference.
- The proposed amount of stock-based profits sharing for employees and its proportion to the net profits after tax and total profits sharing amount to employees for the period: No stock-based profits sharing for employees was intended for the year, thus not applicable.

(2) Actual distribution of remuneration to employees, directors and supervisors for 2019

On March 31, 2020, the Board of Directors approved to distribute the remuneration in cash:

- NT$21,751,982 to employees.
- NT$43,503,960 to directors.

- The actual payment of remuneration for employees, directors is the same in amount as the expense recognized without any difference.
- The amount of stock-based profits sharing paid to employees and its proportion to the net profits after tax and total profits sharing amount to employees for the period: No stock-based profits sharing for employees was intended for the year, thus not applicable.

(IX) Buy-back of the Company's shares: None.

II. Issuance of corporate bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of global depository receipts: None.

V. Employee stock option plan and Employee restricted stock: None.

VI. Issuance of new shares in connection with mergers or acquisitions of shares of other companies: None.

VII. Financing planning and implementation: None.

Five. Operation Overview

I. Business Activities

(I) Business Scope

1. Major businesses and their revenue proportions: Currently the Group is mainly engaged in the production and sales of cement and clinker, with a revenue proportion of 64.29%; the second is the production and sales of concrete, with a revenue proportion of 12.58%.
2. The Group's current products: Portland type I cement, type I low-alkali cement, type II low-alkali cement, type II (MH) even heat cement, blended blast furnace slag cement, limestone, concrete, P Ⅱ52.5, PO42. 5. PC32.5.

(II) Industry Overview

1. Current state and development of the industry (macro economic environment and industry trends)

(1) Taiwan

Taiwan's cement is already a mature industry, and the overall industry trend has not changed much. Domestic cement production is stable, and foreign cement imports are no longer able to make a inroad in the domestic cement market due to cost factors. In this environment, the domestic players are making every effort to adjust its fundamentals, reduce production costs and create profits.

In terms of domestic economy, the return of Taiwan businesses to set up factories is expected to facilitate the gradual growth of the domestic construction demand; urban renewal is saturating and the number of smaller constructions has increased, but due to the impact of the COVID-19 pandemic and the decrease in the number of foreign workers, construction progress has been slightly delayed. The subsequent development still depends on the effectiveness of global epidemic prevention. It is estimated that the total demand for cement in 2021 will increase gradually.

(2) Mainland

In the first half of this year, although the cement industry was affected by the pandemic and the rainy weather in many places, the business of the cement industry was not severely affected as the business in the northern market gradually declined while the cement demand in the southern market is still in the peak season, and the business in the main cement market in the south has further risen. However, from a national perspective, it is more difficult for cement prices to rise again. Cement, as one of the three main building materials, occupies a larger proportion. On the whole, the total operating revenue of the cement industry in the first half of 2020 was CNY 426.2 billion, a year-on-year decrease of 6.1%, and the total realized profit was CNY 76.7 billion, a year-on-year decrease. 6.1%. Although it is a decrease as compared to the same period last year, as the year of 2019 was a historical high in the cement industry, the total revenue and profit remained at a relatively high level in history despite the overall decline in the cement demand and production and sales.

2. Correlations of upstream, midstream and downstream industries.

In terms of the logistics of raw materials, upstream players include limestone mining and cement manufacturing, limestone-containing production, and cement clinker production; midstream players include ready-mixed concrete and cement, limestone distributors and delivery, etc.; downstream players include construction companies, chemical industries using limestone, or civil engineering contractors, and construction of civil buildings, etc.

3. Development trends and competition of products

(1)Taiwan

Cement is a mature industry, with limited product changes and long product life cycles, and is not easy to be completely replaced. For the foreseeable future, there will be limited increase or decrease to the existing product categories.

Due to the characteristics of high-temperature calcination in the cement production process, it can remove heavy metals and dioxin, which generally cannot be processed in garbage incinerators, and cement plants in advanced countries such as Europe, the U.S. and Japan have been participating in the treatment of household and business wastes, playing a key role in circular economy and achieving considerable results. In the future, Taiwan's cement industry will also develop along this direction.

(2)Mainland

Faced with the impact of the pandemic, China has implemented precise pandemic prevention and control measures actively and quickly; as such, the manufacturing industry quickly resumed operation and production, leading to a rapid economic recovery. Under the influence of recovery in the demand in the downstream real estate rectorand the investment in the infrastructure, the impact on the total production and sales of the cement industry have remained to be controllable. As the timeline for infrastructure and real estate projects is longer, the high growth speed of infrastructure and real estate investment in the first half of the year will continue to boost the demand in the cement market in the medium term.

It is expected that the overall trend of the cement market in the following year (2021) will be stable, and the industry will be in a plateau phase for a longer period of time. In terms of the demand side, the demand for the downstream real estate sector and self-built houses in rural areas will decrease, but the needs for infrastructure will continue to grow, so the demand will remain relatively stable.

(III) Technology and R&D Overview

1. R&D expenses invested during the most recent year or during the current year up to the date of publication of the annual report (Q1 of 2021)

Unit: Thousand $NT

Year	Item	Amount	Results
2020	New air-lock valves were replaced for raw meal mill #3	2,630	Reduced air leakage from the mill to reduce energy consumption; increase the mill temperature and the drying capacity of raw materials in the wet season.
	New dry ash transfer system project for raw meal silos #1 and #2	520	Added equipment for auxiliary materials for recycling and reuse.
	Added calcium fluoride to the large limestone warehouses	2,367	Added equipment for auxiliary materials for recycling and reuse.
	R&D of sealing and grinding technology for feeding at the low-coal consumption batching plant	23,470	Reduced coal consumption and the quantity carbon dioxide; emissions were reduced significantly.
	R&D of dust collection technique for clinker silos based on low-resistance gas discharge	7,693	Enabled the concentration of discharge from the dust collectors to be less than 10mg/m3, and extended the service life of filter bags by 12 months or longer
	R&D of SNCR smart system for highly efficient denitrification of low ammonia water	10,566	Adopted artificial intelligence, machine learning, prediction systems, and precise distribution system to make the denitrification efficiency of the whole set of systems reach more than 90%
	R&D of low energy consumption kiln outlet and inlet sealing technology	8,871	Stabilized product quality, reduced maintenance costs, and reduced dust emission indicators to below 10mg/Nm³.
	R&D of the grate speed control technology of the grate cooler based on the air volume control	9,710	Enabled the grate speed to reach 23 times/minute, which improved the quality of calcinated clinker in large kiln; the controllable air temperature has improved the efficiency of waste heat utilization.

2. Successfully developed technologies or products in the most recent year and in the current year up to the date of publication of the annual report: Improved manufacturing process, reduced the cost of raw materials, and mass produced Type I and Type II low-alkali cement and hydraulic cement.

(IV) Long-term and short-term business development plans

1.Long-term business plan

(1) Taiwan

In conjunction with cement production and sales, improve brand image, expand the production and sales of high value-added, environmentally friendly and energy-saving products in the adjacent areas in the way that promote circular economy.

(2) Mainland

Build up the brand image of Xinning Cement in the Nanjing area, strive for public projects and landmark buildings, and formulate appropriate policies to enrich the customer composition in accordance with the regional industry sales policies to increase the Company's profitability to enrich the customer structure in view of the sales policies of the industry in each region, so as to increase the company's profitability.

2.Short-term business plan

(1) Taiwan

Taiwan's cement demand has entered the mature stage. In addition to maintaining market share and reducing costs, the goal is to increase brand awareness and promote environmentally friendly construction methods and products.

(2) Mainland

Reduce factory costs by means of full production and full sales, and cooperate further and more extensively with customers, with a view to maintaining existing market shares and prices, while gradually adjusting customer structure, in order to maximize production efficiency and deliver good after-sales service for the major projects that have been undertaken, improve the depth and breadth of the brand, and actively participate in the key projects of the government's annual plan.

The overall market demand in the Nanjing area will remain strong. With the development and construction of the state-level Jiangbei New Area, we will track key projects, such as Nanjing North Railway Station, phase 2 underground space, and the North Yanjiang high-speed rail, and work to obtain the right to supply cement.

II. Market and production and sales overview

(I) Market Analysis

1.Sales area of major products cement and clinker

Market and proportion of sales of cement and clinker produced by the Group.

Taiwan accounted for 33% of the sales and Nanjing, China, accounted for 67% of the sales.

The products in Mainland are mainly PO42.5 and P Ⅱ 52.5 high-standard cement, which are suitable for mixing stations, pipe piles and engineering customers in the region. Due to the small effective sales radius of cement product transportation, the dominant areas are concentrated in Nanjing Jiangbei, Jiangnan, etc. with sales radius around 20-120KM; market and proportion:

Main target markets: the areas near the Company’s plant, Pukou and Liuhe districts in Jiangbei Nanjing, accounting for about 60% of sales, Jiangnan Yuhuatai, Binjiang, Hexi districts, accounting for about 30% of sales.

Secondary target markets: Jiangning district, Anhui Wujiang, Chuzhou, Ma'anshan regions, accounting for 10% of sales.

2.Market Share

(1)Taiwan

In 2020, cement and clinker sales accounted for approximately 5.76% of the market in Taiwan.

(2)Mainland

Currently, the design capacity of clinker in the cement industry is around 1.82 billion tons, and the actual production capacity exceeds 2 billion tons. In 2020, the cement output of the

enterprises above the national scale was 2.38 billion tons; the clinker output reached 15.8. 100 million tons, a slight increase as compared to 2019. At present, it is still overcapacity in the entire industry. From a national perspective, the Pearl River Delta and the Yangtze River Delta are the main cement consumption areas, accounting for at least 50% of the country's cement consumption. This is critical to the cement market. As long as there is no major change in cement prices and cement demand in these two regions, there will be no major change in the rest of the regions.

The output of the cement **industry** is concentrated in East China and Central South. In terms of output distribution by region, the current cement output in East China and the central and southern region is the highest of the country. In 2020, the cement output in East China was 784 million tons, accounting for 32.97% of the national cement output, as the larger demand for cement in the infrastructure, real estate, and other sectors in East China has facilitated the development of the cement manufacturing industry.

3.Future supply and demand, and growth of the market

(1)Taiwan

In terms of demand in Taiwan, the cement industry is mature and its prosperity depends on the domestic economic dynamics and the amount of national public construction, i.e. the increase or decrease in cement demand relies on whether the effective domestic demand can be boosted. In the future, the cement market demand will increase slightly. It is estimated that the domestic cement market demand in 2021 will remain at slightly around 12.5 million metric tons.

As for cement supply, international cement has not been able to penetrate Taiwan's market in large quantities due to the rising cost of shipping freight, and the domestic cement supply should not change much in 2021.

(2)Mainland

Facing the impact of the pandemic and the complex domestic and international social environment, China continues to strengthen the adjustments to its macro policy, implement various major reform measures, and leverage its advantages in the super large market and domestic demand potential to build a domestic business cycle as the main pillar of the economy with the international business cycle as the support, through which the domestic and international models will reinforce each other. With the multiple-pronged measures, the positive momentum of economic recovery will gain. As the cement-related fixed asset investment, real estate investment, and infrastructure investment indicators have recovered significantly, the total cement demand throughout the year will not be affected and will continue to maintain in a high plateau phase in the quantity of 2.3 to 2.4 billion tons. In the future, the demand is expected to maintain in the plateau phase, and multiple factors, including environmental protection, will continue to affect supply. The price and profit in the cement industry will remain at the level as in the past two years. The mainstream market price is expected to be strong; thus, a reasonable market price will remain, and the profit is

expected to continue to be stable.

4.Competitive advantages, favorable and unfavorable factors of development prospects, and corresponding measures

(1)Favorable factors

A、Taiwan

- With sufficient limestone ore source, the supply of the main raw materials can continue for a long time.
- As the government actively promotes the Forward-Looking Infrastructure Program, expands the local urban and rural construction, and continues to undertake urban renewal, the sales or shipments of cement should grow accordingly.
- Affected by the China-US trade war and the pandemic, the return of investment from overseas Taiwanese companies has increased, and the construction projects in the real estate sector and the construction of factories in the technology industry have risen. This has facilitated the demand for cement and ready-mixed concrete. The overall market is cautiously optimistic and is expected to maintain long-term stable development.

B. Mainland

- Limestone mineral reserves are abundant, and the management and development of minerals are underway, and the market supply is sufficient.
- The product quality is good, the adaptability is high, the market sales channels are in a stable state, and the sales policy is basically accepted by customers.
- The government's infrastructure construction policy continues to stimulate investment and consumption growth. Also, with the improving sales of the real estate market in the post-pandemic period and the huge cement market demand and favorable policy, cement inventory gradually returns to a safe level, and overcapacity is expected to improve. The market is expected to enter a period of great demand, and is expected to continue to develop steadily in the future.

(2). Unfavorable factors

A.Taiwan

- The government imposes a commodity tax and a special tax on ore mining by local governments on the on the cement industry, and charges air pollution prevention and control fees, waste disposal fees, etc. This has increased production costs and impacted the development of the industry.
- In recent years, the trend is focused on green development in the industry. With the rising awareness of environmental protection, the production and sales of cement has been gradually under strict scrutiny. Also, countries have generally

begun to pay attention to the effect of greenhouse gas emissions, and may adopt a further limit production policy to achieve carbon reduction targets.

B. Mainland

- Emission peak and carbon neutrality are the policy actively promoted by the government. To achieve the dual-carbon goal and achieve net zero carbon emissions, what needs to be done is to accelerate the adjustment to and optimization of the industrial structure and energy structure, and enable the coal consumption to peak as soon as possible. The reform of the industrial structure and energy management will be undertaken step by step. With increasingly stringent environmental protection policies and increasingly rigorous environmental standards, the normalization of staggered peak production and restrictions on new capacity have created uncertainties in the market and prices.

(3). Corresponding Measures

A. Taiwan

- Strengthen cost control to improve overall operating efficiency, enhance product diversity and quality, understand and satisfy customer needs, continue to strengthen business in the domestic market, and develop and enhance customers' loyalty.
- Actively cooperate with the government's policies and national development framework, implement environmental protection and green circular economy, and process business waste to allow the industry to maintain sustainable operation and stable development.

B. Mainland

- Optimize the energy system of the production line through the improvement to energy conservation technology to improve the efficiency of production capacity.
- Continue to carry out tree planting, building beautification, and equipment cleaning around plants to accelerate the advancement of smart cement plants.
- Actively respond to national policies, leverage our own advantages in product quality under the market economy system, respond to market changes and needs flexibly, and develop optimistically and steadily together with society.

(II) Important applications and production process of major products

1.Important applications of major products

(1)Taiwan

A. Portland Type I Cement

Portland type I cement is suitable for general construction and engineering works

without sulfate corrosion or temperature rise, such as: pavement, floor, reinforced concrete structures, roads, pipelines, stucco works and other pre-cast bodies, etc.

B. Portland Type I Low Alkali Cement

Portland type I low alkali cement is similar to Portland type I cement in physical properties. However, the total alkali content in its chemical composition must be less than 0.6% Alkalies ($Na_2O + 0.658K_2O$), because it can reduce the alkali silicate colloid produced by excessive alkali in the reaction, and avoid the occurrence of building swelling and cracking.

C. Portland Type II Low Alkali Cement

The chemical composition of this cement is subject to more restrictions than that of Type I cement. The alkali content in the chemical composition must be less than 0.6%, and it has moderate resistance to sulfate corrosion, thus avoiding the swelling and cracking caused by the reaction of alkali with aggregates. It has lower dry shrinkage and better durability, and is suitable for underpasses, sewers, piers, breakwaters, harbors and other engineering works.

D. Portland II (MH) cement

Portland II (MH) cement is also called even heat cement and has similar properties to Portland II cement, but the sum of tricalcium silicate and 4.75 times tricalcium aluminate must be less than 100% for its chemical composition. Its slow hydration reaction, low expansion rate and relatively low heat of hydration heat can reduce water consumption and prevent alkaline reaction of aggregates. It has moderate sulfate resistance and moderate hydration heat. Its early strength is lower than that of Type I, but its late strength is higher. It is suitable for engineering works such as reservoirs, dams, rapid transit, elevated roads, and mass concrete.

E. blended hydraulic cement IS Type (Portland blast furnace slag cement)

Blast furnace slag cement has the advantages of lower heat of hydration, higher late-stage compressive strength, durability and low cost, often used in foundation works of dams, bridges, tunnels, river banks and basements.

(2)Mainland

A. General Silicate Cement Clinker

A hydraulic hard cement material with calcium silicate as the main mineral component, produced by having the raw materials mainly containing CaO, SiO_2, Al_2O_3, Fe_2O_3 ground into fine powder in appropriate proportions and burned until partially melted. The mineral content (mass fraction) of calcium silicate is not less than 66%, and the mass ratio of calcium oxide to silicon oxide is not less than 2.0. The alkali content of the Company's clinker is less than 0.6% and C3A is less than 8.0%, which is suitable for grinding various types of low alkali general silicate cements.

B. P Ⅱ Silicate Cement (also known as Type Ⅱ Portland Cement)

General silicate cement clinker with 0~5% limestone or blast furnace slag has higher early and late strength, alkali content less than 0.6%, which can greatly reduce the occurrence of alkali aggregate reaction and have moderate resistance to sulfate erosion and strong resistance to weathering. The Company currently produces low-alkali Portland cement P Ⅱ 52.5, which is suitable for large-scale commercial buildings, bridges, docks and seaport facilities and other large-scale important engineering works.

C. PO Ordinary Silicate Cement

General silicate cement clinker with 5~20% of limestone, fly ash, slag, volcanic ash, has higher early and late strength, and the alkali content can be controlled to less than 0.6% according to the customer's needs, reducing the occurrence of alkali aggregate reaction. PO42.5 cement is suitable for large civil and commercial buildings, bridges, tunnels, subways, dams and other large volume concrete projects. At the same time, the cement has a low hydration heat. It can also be controlled according to the needs of the work and meet the requirements of medium heat cement. The Company currently produces low-alkali ordinary silicate cement PO42.5, which is suitable for large-scale civil and commercial buildings, bridges, tunnels, subways, dams and other mass concrete engineering works.

D. PC Composite Silicate Cement

General silicate cement clinker with 20~50% of limestone, fly ash, slag and volcanic ash has average early and late strength and the hydration heat is low. The Company currently produces early-strength composite silicate cement with PC32.5 grade, which can be used in mass concrete and civil building masonry.

2. Production process of major products

Raw materials such as limestone, clay, silica sand, iron slag and furnace stone are ground into fine powder in appropriate proportions and then calcined at high temperature in a rotary kiln to produce clinkers, and then ground into various cement products by adding appropriate gypsum and corresponding mixed materials in specific proportions.

(III) Supply of major raw materials

Type	Source of Supply	Description
Limestone	Self-mining	● The main raw materials for cement production include limestone, clay, silica sand, iron slag and gypsum; the fuel is coal. In addition to limestone, which is of self-mining by the Company for self-use, other raw materials are also mainly sourced locally, while any shortage will be purchased from outside. ● Long-term and short-term contracts are adopted to stabilize prices, and ensure that quantity and delivery time of suppliers can meet the Company's needs. ● The Company maintains a good collaborative relationship with suppliers, and the source of supply is safe.
Clay	Purchased domestically	
Silica sand	For Taiwan, mainly purchased domestically or imported from Vietnam	
	For Mainland, mainly purchased locally from Nanjing	
Iron slag	Purchased domestically	
Gypsum	Purchased domestically and internationally	
Crumb coal	For Taiwan, imported from Australia Russia	
	For Mainland, mainly purchased locally	
Furnace slag	Purchased domestically	
Dry fly ash	For Mainland, mainly purchased locally	
Slag powder	For Mainland, mainly purchased locally	
Yellow phosphorus slag	For Mainland, mainly purchased locally	

(IV) The names of suppliers and customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, their purchases (sales) amount and proportion.

1.Information on major suppliers in the most recent 2 years

Unit: Thousand $NT

	2020				2019				As of the prior quarter of 2021			
Item	Name	Amount	As a percentage of net purchases for the year (%).	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%).	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year up to the previous quarter (%).	Relationship with the issuer
1	B	624,488	19.50	None	B	585,789	17.16	None	B	143,699	23.65	None
2	A	377,165	11.78	None	A	386,259	11.32	None	A	113,328	18.65	None
3	C	355,324	11.10	None	C	374,953	10.98	None	D	58,619	9.65	None
4	Others	1,844,780	57.62	None	Others	2,066,410	60.54	None	Others	292,055	48.06	None
	Net purchases	3,201,757	100.00	Highly related	Net purchases	3,413,411	100.00	-	Net purchases	607,701	100.00	-

In the last three years, the ratio of the three major suppliers to the total suppliers has not changed. The main reason is that the Company mainly produces cement, and the raw material belongs to the ore category. As the production process consumes a great deal of coal and electricity, the top three suppliers supply ore, coal, and electric power, respectively. To take into account the stability and adequacy of the supply of materials, there should be no great change in the purchase of said raw materials.

2. Information on major customers in the most recent 2 years

Unit: Thousand $NT

	2020				2019				As of the prior quarter of 2021			
Item	Name	Amount	As a percentage of net sales for the year (%).	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year (%).	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year up to the previous quarter (%).	Relationship with the issuer
1	A	728,354	9.59	None	A	858,979	10.98	None	B	73,130	4.04	None
2	B	629,204	8.29	None	B	798,943	10.21	None	C	70,883	3.91	None
3	Others	6,235,736	82.12	None	Others	6,164,973	78.81	None	Others	1,668,338	92.05	None
	Net sales	7,593,294	100.00	-	Net sales	7,822,895	100.00	-	Net sales	1,812,351	100.00	-

Through the adjustment to the risk of excessive customer concentration, the Company's individual customers did not exceed 10% of the total on average in 2020, and the Company maintained stable partnership with major customers. Sales in China are all to the existing customers without much change. The increase or decrease in the ratio of sales to customers is due to the increase or decrease in sales caused by the supply and demand in the general market.

(V) Production quantity and amount in the most recent two years

Unit: Thousand NT$: Metric ton

Year / Production quantity and amount / Major Products	2020			2019		
	Production capacity	Production quantity	Production amount	Production capacity	Production quantity	Production amount
Cement and clinker	3,660,000	2,858,474	3,356,464	3,660,000	2,955,651	3,653,435

(VI) Sales quantity and amount in the most recent two years

Unit: Thousand NT$: Metric

Year / Sales quantity and amount / Major Products	2020		2019	
	Domestic sales		Domestic sales	
	Quantity	Amount	Quantity	Amount
Cement and clinker	2,864,674	4,881,788	2,992,852	5,461,877
Others	-	2,854,925	-	2,460,367
Internal transfers	-	(143,419)	-	(99,349)
Net operating revenues	-	7,593,294	-	7,822,895

III. The number of employees for the most recent 2 years, and the current year up to the date of publication of the annual report, their average years of service, average age, and education distribution.

Unit: %

Item \ Date		December 31, 2020	December 31, 2019	As of March 31, 2021
Number of employees		762	774	762
Average age		44.39	43.53	45.08
Average years of service		10.86	10.22	11.00
Education distribution %	Doctorate	0.00%	0.00%	0.00%
	Master	2.36%	2.45%	2.49%
	University and college	29.66%	28.94%	29.66%
	High school	32.68%	33.46%	32.41%
	Below high school	35.30%	35.14%	35.43%

IV. Environmental protection expenditure

In view of the rapid development of circular economy and technology, the Group actively promotes green energy and environmental protection, and is committed to environmental sustainability to implement corporate social responsibility. Also, the Company conducts business in compliance with various environmental protection laws and regulations while strengthening efforts in tree planting around mines, energy conservation, carbon reduction, and pollution prevention, improvement to processes, and waste treatment, to reduce the impact on the environment, implement various management of safety, health, environmental protection, and fulfill corporate responsibilities for environmental protection.

The details of 2020 expenditures for investment in pollution prevention and control equipment or technology are as follows:

Unit: Thousand $NT

Item	Expenditure	Description
Maintenance and renewal work for dust collection equipment	4,266	To strengthen pollution prevention and control, the Company adopts the dust collection equipment with the best performance and regularly maintains and updates it to improve the efficiency of dust collection.
Improvement of the flying and escaping of particulate matters	886	Reduce the flying and escape of particulate pollutants and environmental impact by engineering works.
Vegetation and beautification projects in mining area	6,623	The roads in the mining area are improved by hardening so as to prevent vehicles from carrying mud away. The construction of the filtered-water reservoir is fully implemented with green vegetation and soil conservation work, and in line with the government's greening campaign, restoration is actively pursued to reduce the impact of the landscape.
Plant sewage treatment civil engineering project	1,028	Green plant and environmental improvement.
SNCR modification for highly efficient denitrification	19,266	The ammonia consumption was reduced by 20%, from 1250L/h to 1000L/h, on the existing system, so around 1615 tons of ammonia was saved annually.

Unit: Thousand $NT

Item	Expenditure	Description
Sewage treatment system modification (including mines)	6,422	After treatment, the recirculated water has reached the standards, and the daily replenishment amount for recirculated water is reduced.
Intersection vegetation and railings project	5,111	Road maintenance, dust reduction, and environment improvement.
Asphalt paving work for reconstruction and maintenance on the road to the east side of the plant	8,626	Road maintenance and dust reduction
New high-rise and low-rise mine structures	5,739	Green plant and environmental improvement.
Mine road renovation and maintenance project	18,225	Road hardening and maintenance, dust reduction, and mud reduction on the road.
New and anti-corrosion mine structures	2,004	Environmental protection, environment improvement, road maintenance, and dust reduction.
Mine sewage treatment civil engineering project	3,511	Green mines and environmental protection requirements.
Mine project department reconstruction project	1,704	Environmental improvement.
Sprinkler system, fog cannon, car washer guard plate, etc. added to the mines	1,704	Equipment modification and maintenance, vehicle cleaning, and mud reduction on the road.

NT$84,815,000 for investment in pollution prevention equipment or technology in 2020

(II) The total amount of losses and penalties due to environmental pollution in the most recent year:

1. Penalty date: 2020/05/11.

   Penalty document number: Letter Fu-Shou-Huan-Kon-Tze No. 1090014815.

   Provision of the law violated: Article 22, paragraph 3, of the Air Pollution Control Act and Article 9, paragraph 5, of the Management Regulations for CEMS Facilities.

   Content of violation: Continuous automatic monitoring facilities, due to the replacement of computer software and hardware, needs perform testing once a week during the replacement period. The Company failed to complete the testing in violation of Article 22, paragraph 3, of the Air Pollution Control Act, and Article 9, paragraph 5, of the Management Regulations for CEMS Facilities.

   Content of penalty: The Nanshenghu Plant's discharge pipeline (No. P301) continuous automatic monitoring facility, due to the replacement of computer software and hardware, needs to be inspected once a week during the replacement period. The plant performed alternative testing on October 29, 2019, and submitted the test result report on November 27, 2019. As it failed to submit the 3-hour automatic operation test report for NOX gaseous pollutants, the alternative testing for the discharge pipeline carried out for the week on October 29, 2019 (No. P301) was determined to be invalid.

   Fine: NT$100,000.

   Improvement measures: The plant performed the test and submitted a test result report again .

2. Penalty date: 2020/12/11.

   Penalty document number: Letter Fu-Shou-Huan-Kon-Tze No. 1090040908.

   Provision of the law violated: Article 20, paragraph 2, of the Air Pollution Control Act.

   Content of violation: The Department of Environmental Protection inspected the P301 flue, and the

value of mercury in the air emitted was 0.0056 (g/s) exceeding the emission standard of 0.004 (g/s) on March 24, 2020.

Content of penalty: The data tested exceeded the emission standard and violated the Air Pollution Control Act.

Fine: NT$150,000.

Improvement measures: The Company received a Violation Statement from the Environmental Protection Bureau, Yilan County (Fu-Shou-Huan-Kong No. 1090021680) to notify the Company of the deadline for improvement. The plant commissioned the testing and inspection company (Taiwan-Asahi Environmental Technology) approved by the Environmental Protection Bureau to perform the test on the flue, and the test value of mercury was 0.00202 (g/s) in compliance with the emission standard of 0.004 (g/s), and the improvement was completed.

(III) Future countermeasures and possible expenditures

1. Future corresponding measures

(1) Taiwan

- Step up management and maintenance of production equipment and environmental protection facilities to reduce the possibility of pollution.
- Continue to strengthen the training of operators on the prevention, control and response to noise, air and water pollution and strictly enforce the operation regulations.
- At present, all possible pollution sources have been equipped with pollution prevention and control equipment, and personnel are regularly trained to deal with abnormal situations in order to completely eliminate pollution.
- Measures for greenhouse gas emission reduction

  In accordance with Article 13 of the "Greenhouse Gas Reduction and Management Act," the Group’s Nanshenghu Plant annually discloses information related to greenhouse gas emissions for the previous year (with proof such as a third-party examination statement) and has been registered on the "National Greenhouse Gas Registration Platform of the Environmental Protection Bureau, Executive Yuan.

  Participate in the voluntary greenhouse gas reduction campaign, receive technical guidance from the Industrial Development Bureau on energy saving and carbon reduction, and improve process equipment to reduce energy loss.

  In response to the call for more greenhouse gas emission reduction, will continue to renew equipment and improve processes to reduce energy loss per unit of production, and hold regular review meetings on process energy efficiency.

- Carbon fee collection

The Environmental Protection Administration intends to amend the Greenhouse Gas Reduction and Management Act with new provisions: To achieve the national greenhouse gas reduction target, the central competent authority may impose greenhouse gas emission management fees (carbon fees) on the greenhouse gas emission sources according to the types and quantities of greenhouse gases emitted; relevant bills are underway.

- Reuse processing policy

  Proper disposal of self-generated waste and implementation of resource sorting and reuse.

  In line with the circular economy policy, reusable industrial by-products or wastes will be transformed into alternative raw materials and properly processed and mixed in accordance with law, so as to reduce the energy consumption of raw material mining and carbon emissions, and to put into action the environmental protection concept of reusing global resources.

- Reduce water use

  The groundwater currently used at the Nanshenghu Plant, except for process evaporation consumption, is only used for the cooling of process equipment and is recycled and reused. and achieved the goal of zero discharge of recycled water in the manufacturing process as indicated by the fact that the Yilan County Environmental Protection Bureau issued the "Waste (Sewage) Water Storage Permit Document" on December 8, 2016.

(2) Mainland

- Committed to the social responsibility goals of environmental protection, culture, poverty alleviation, and community interaction; adopt green production and green lifestyles as the goal of environmental sustainability; start from ecological vegetation projects, energy conservation and carbon reduction, addition and update of pollution prevention and control equipment to waste recycling and treatment to reduce the impact on the environment.

- As for energy conservation and consumption reduction, the Company will optimize the energy system throughout entire production line through a series of energy-saving technological modifications to improve the energy efficiency. In terms of collaborative treatment, the Company treated municipal sludge as designated by the Nanjing Municipal Government and has effectively alleviated the pressure on local disposal work for environmental protection to jointly improve energy consumption indicators, environmental emission indicators, comprehensive utilization of resources, and changes in people’s perceptions.

- Strengthen the management and maintenance of production equipment and environmental protection facilities by all production units to ensure normal and stable operation, and meet the standard requirements of the special emission limits of atmospheric pollutants in the national designated areas of the country and the requirements of the Ecological and Environmental Protection Bureau of Nanjing City and Pukou District.

- Provide more trainings on environmental protection awareness for all employees, upgrade environmental management techniques and further elevate the environmental management level of the Company; make complete environmental protection files, including environmental assessment reports, environmental engineering acceptance reports, pollution source monitoring reports, pollution emission standards, environmental protection laws and regulations, environmental protection technical information and other environmental statistics, and report to the local environmental protection administrative department on a regular basis to ensure that the emission of pollutants meets the standards and keep in good shape total amount control of pollution emission.

2. Future possible expenditures

(1) Expenses for replacement, renewal, and upgrade of existing anti-pollution equipment.

(2) Environmental taxes on pollutants discharged/emitted.

(3) Skills training for environmental management personnel.

(4) Road maintenance and vegetation costs.

(5) Fees for environmental protection facility certification and pollutant discharge/emission monitoring.

(6) Carbon fee collection.

Expected future expenditures for environmental protection

Item	Effect
Some electric dust collectors are replaced with baghouse filters	Reduction of the concentration of particulate matter emissions, eco-friendliness, and compliance with future regulations.
Green mine	Mine ecological restoration, soil and water conservation, mine environmental afforestation, geological environmental monitoring, and re-vegetation.
Circulating water pump renovation	Water pump's power consumption reduced by 20%, saving energy with low maintenance costs.
Sprinkler system added for clay and new auxiliary material storage shed	Suppression of dust and reduction of fugitive emissions.
Modification of internal and external fans of coal injection pipe	1. Fan power consumption is reduced by 20%, saving energy.
	2. Fan noise is reduced by 15db.
New sprinkler system for gypsum shed	Suppression of dust and reduction of fugitive emissions.
Cleaning of ditch, ditch bottom, and cover on both sides of the sightseeing routes	Elimination of hidden safety risks.

It is estimated that the total environmental protection expenditure will be NT$39,983,000 in the future to improve the stability of the existing equipment operation and optimize the emission quality.

V. Labor Relations

In addition to enhancing the welfare and working environment for employees under various labor, safety and health laws and regulations, the Group has also established various evaluation, training, retention and utilization systems to improve the quality of human resources and transfer of work experience, and planned various salary and bonus benefits to meet the expectations of employees and society, in order to build up the momentum for future competitiveness.

(I) The Group's employee benefits, education, training and retirement systems and their implementation

1. The Group sets out employee benefits in accordance with regulations with variations from region to region. The main contents include emergency relief, bereavement aid (including dependents), wedding support, birthday gift certificate, education scholarship for children, childcare allowance, New Year's gift certificate, transportation subsidy, meal allowance, staff dormitory, model worker recognition and staff travel subsidy, group accident insurance for employees, etc. There is also an employee cafeteria to provide balanced diets for the health of employees.

2. Employee development and training

   The Group regularly organizes training programs for new recruits and various professional training programs. The human resources department plans employee training programs every year, focusing on the functional needs of different departments and levels, and organizes internal and external training programs in conjunction with the Company's development strategy to provide supervisors and employees with ample opportunities for training, covering professional skills and development of talents in accounting, production, computer, finance, and law, etc. Depending on the actual needs, each department can also participate in vocational training programs offered by government agencies and social organizations to improve the connection between professional functions and social trends.

   In 2020, HSING TA’s employees had a total of 3,193.5 hours of training, with 617 participants.

   Mainland Xinning’s employees had a total of 4,019 hours of training, with 1,247 attendance.

3. Retirement systems

   The Company has the "Regulations on HR Management" to provide for the appointment, service, evaluation, reward and punishment, promotion and termination of employees, and the "Regulations on Employee Bereavement" to take care of employees and their families. The Company has a Supervisory Committee of Labor Retirement Reserve in accordance with law, which meets from time to time as necessary to review the appropriation and utilization of pension funds to fully protect the retirement rights of employees.

   The “Labor Pension Act” became effective on July 1, 2005. For employees who were previously employed and are still in employment, they may choose to continue to be subject to the pension provisions of the Labor Standards Act (the old scheme) or to be subject to the pension scheme of the Act and to retain the length of service prior to the application of these provisions. Employee

pensions are paid based on years of service and average salary for the six months before retirement. After July 1, 2005, only the pension scheme under the Labor Pension Act (the "new scheme") is applicable to new employees.

For employees who choose to be subject to the Labor Standards Act (old scheme), the Company contributes a monthly retirement reserve, as per the results of the actuarial report, to a dedicated account in the Trust Department of the Bank of Taiwan, and their pension payments are made from this dedicated account.

In line with the new scheme of labor pension appropriation, the Company contributes 6% of the total monthly salary of employees who choose to apply the Labor Pension Act (the new scheme) to their individual accounts with the Bureau of Labor Insurance.

(1) Employee retirement criteria:

Retirement can be divided into self-initiated retirement and mandatory retirement, and the criteria are as follows.

Criteria for self-initiated retirement:

- Have worked for at least 15 years and have reached the age of 55.
- Have worked for at least 25 years.
- Have worked for at least 10 years and have reached the age of 60.

Criteria for mandatory retirement:

- Have reached the age of 65.
- Mentally or physically incapacitated for work.

The age specified in the preceding paragraph may be adjusted by the employer upon application to the central authority for special jobs that are dangerous or require strong physical strength. But not less than 55 years old.

(2) Employee retirement procedure:

- Retirement application

  Employees who apply for self-initiated retirement should fill out the "Separation (Suspension) Application Form", while mandatory retirement shall be initiated by HR unit in accordance with regulations.

- Retirement review

  The HR unit according to hierarchy submits to the supervisor at each level for review and to general manager for approval.

- Retirement process

Before employees retire, they must complete the handover process in accordance with the separation procedures, and their immediate supervisors must oversee the transfer of the employees' works and company properties, and reimburse all borrowings.

- Pension payment

  Employee pension is paid within 30 days from the date of retirement.

In accordance with the pension insurance system stipulated by the government of the People's Republic of China, the Mainland Xinning Plant provides monthly pension insurance benefits to local employees at 16% of their basic salary, and each employee's pension is managed and arranged centrally by the government.

4. Protective measures for working environment and employee personal safety

(1) Specific measures for safety and health management

- Policy and administration of occupational safety and health management system

  With "Safety First, Prevention of Injuries and Diseases, Compliance with Laws and Regulations, and Continuous Improvement" as the spirit of the safety and health management system, the Company has established and implemented an effective and preventive safety and health management system for all employees to follow and continuously improve in order to achieve the safety and health goals.

  Comply with domestic safety and health laws, and strive to meet international safety and health standards. Strengthen relevant safety and health education and training to improve employee' awareness of workplace hazards and prevent occupational injuries and diseases. Establish a good communication mechanism and build a harmonious relationship. Continuous audit, review and supervision, timely correction of unsafe factors to enhance operational safety.

- Set out safety and health policy

  Establish a "Safety and Health Work Rules" as the basis for consensus on safety and health measures in the Company.

  In order to achieve the goal of zero disaster, the plan is revised every year based on risk assessment and meeting discussions, in addition to complying with the requirements of corporate social environment and government labor regulations, and continuously facilitate the overall improvement of safety and health performance through the PDCA method.

- Hazard identification, risk assessment and corresponding measures

  Based on the hazards discovered during the inspection, each unit formulates an improvement management plan after review and evaluation, which serves as the basis for formulating the annual safety and health management plan and the safety operation standards, so as to reduce the risk of hazards in the business unit year by year and achieve the ultimate goal of zero disaster.

- Operating environment monitoring

In accordance with the measures for the implementation of labor working environmental monitoring, qualified working environment monitoring organization is entrusted to monitor dust, noise and other chemical and physical factors in the working environment, and determine whether the monitoring results meet the provisions of law, and if there are abnormalities in the monitoring results, they need to be improved and corrected to protect the safety of personnel.

- Health care and management

  In accordance with the labor health protection rules, health inspections are carried out, and there are medical staff in the factory. Special inspections such as lung function are carried out for workers working under special health hazards such as dust. After the results of special health inspections, differential management is implemented with follow-up for employees with abnormal inspection data to help them pay attention to their health conditions and take up healthy lifestyle habits.

- Audit management of safety and health responsibility area

  A three-level audit management system is adopted to implement internal audit (internal self-audit) and external audit (audit by the audit department and competent authority) according to employee's responsibility area. In addition to requiring all employees to thoroughly carry out safety and health management, also ensure that the safety and health management system operates smoothly and well.

- Implement automatic checks

  Considering that employees are prone to physical injure due to unsafe operations, equipment or management when they deal with different working environments, processes, operations and works, actively promote automatic inspections, hoping to by this measure discover potential hazards for improvement and effective control.

- Occupational safety and health management system

  Through the occupational safety and health management system, fully utilize the autonomous management function of safety and health, continuously improve occupational safety and health performance, and reduce risks to safety and health, so as to ensure labor safety and health and boost competitiveness in the industry.

(2) Implement operation safety control

- Operation application control

  According to legal requirements and actual operation needs, special operation controls and work permits are implemented for elevated operations, fire operations, confined space operations, etc. for workers to follow.

- Regular inspection and certification of hazardous machinery and equipment

  All hazardous machinery and equipment must be inspected and qualified regularly. Operators must obtain professional licenses in accordance with law to operate and need to receive regular on-the-job retraining.

- Analysis and investigation of occupational accidents and false alarms

  Analyze and investigate all injuries, non-injuries and false alarms and track ex post improvements to eliminate potential hazards.

- Amendment to safety operation standard

  All amendments to safety operation procedures are led by unit chiefs, who guide workers actually conducting related operations to participate in amendment discussions. Through continuous and comprehensive reviews, the safety operation procedures can effectively be carried out on the operation shop floor so that the perception of hazards of operating personnel is enhanced and improper accidents due to failure to follow the procedures are eliminated.

- Improvement of traffic in the plant

  In order to ensure the safety of all intersections in the plant, will continue to discuss improvement measures and introduce improvement projects, and strengthen traffic safety educational propaganda and eliminate unsafe driving behaviors.

- Machine and equipment switch control

  In order to avoid the hazards associated with "false activation" of equipment switches, in addition to a comprehensive inspection and labeling of the switches on site, safety procedures have been established for power-off and tagging during machine shutdown for repair to avoid the hazards of winding and pinching during equipment maintenance or machine shutdown.

- Firefighting equipment inspection and filing

  In addition to regular self-inspection of fire-fighting facilities and equipment, continuous improvements are also made every year.

5. In order to encourage the professional services of our employees and to support their lives after retirement, the Group has established labor retirement and employee bereavement schemes to take care of employees and their families.

(II) Agreements between management and employees of the Group and measures to protect the rights and interests of employees

1. Labor-management agreement

   To create a harmonious labor-management relationship, the Company convenes labor-management meetings regularly to ensure employees' safety, well-being, and health. It establishes a channel for consultation and grievance with smooth employees grievance channels. Therefore, the labor-management relationship has been harmonious since the establishment of the Company without material labor disputes. All employees work hard with loyalty to the Company.

2. Measures for protection of employee rights

   The Company formulates employee work rules in accordance with the laws and regulations to clearly regulate various labor conditions and protect employees' rights and interests. It has also established labor-management meetings, the Employee Welfare Committee, and employee

complaint channels, as per laws and regulations. The Group's Nanshenghu Plant signed a collective bargaining agreement with its labor union; as such, employees' rights and interests can be handled fairly and reasonably through the above channels. As the Company and its employees aim to create a win-win situation in the principle of good faith, so far, there has been no incident that undermines employees' rights and interests. In 2018 and 2019, the Company was awarded the honor of "Collective Bargaining Agreement Signing Entity and Senior Mediator of Labor Disputes".

(III) Losses incurred due to labor-management disputes in the most recent year and in the current year up to the date of the publication of the annual report and disclosure of the estimated amount of current or future potential losses and corresponding measures

In the most recent 3 years, the Group had no labor-management disputes and there is no potential cause of labor-management disputes. However, the Company will continue to maintain close communication and coordination with labor unions and actively enhance welfare measures and improve working environment to promote harmonious labor relations with a view to eliminating the possibility of labor-management disputes.

The total amount of losses and penalties due to violation of the Labor Standards Act in the most recent year:

Penalty date: 2020/08/26.

Penalty document number: Letter Bei-Shi-Lao-Zi-Tze No. 10960723261.

Provision of the law violated: Article 56, paragraph 2, of the Labor Standards Act.

Content of violation: The employer has not made adequate appropriations for labor pension reserve funds.

Content of penalty content: The penalty is imposed on industries subject to the Labor Standards Act. As of March 2020, there was still a gap of NT$73,189,000 in the dedicated pension funds account for labor pension reserves.

Fine: NT$300,000.

Countermeasures: Prior to the end of 2020, the Company made up for the difference in said account of the labor pension reserves in a lump sum as per Article 56 of the Labor Standards Act.

Estimated amount of potential losses that may occur in the future:

1. The difference of the labor pension reserves has been fully made up for, and there should be no losses for penalty in the future.
2. The risk of future labor disputes is extremely low.

(IV) Code of conduct or ethics for employees

The "Ethical Corporate Management Principles", "Code of Business Conduct with Integrity" and "Code of Conduct for Employees" have been established to regulate the ethical conduct of all employees. For related contents, please refer to the website: http://www.hsingta.com.tw→About HSING TA→Major Company Regulations.

(V) The total amount of losses and penalties due to labor safety and health in the most recent year:

Penalty date: 2020/7/29

Penalty document number: Letter Lao-Zhi-Shou No. 1090202941.

Provision of the law violated: Article 6, paragraph 1 of the Labor Standards Act.

Content of violation: Prevention of the hazards caused by machinery, equipment, or devices.

Punishment content: The height of the platform (toward the tail wheel) of the belt conveyer above the walkway for transporting semi-finished cement (clay) in the plant was not sufficient for personnel without protective measures, and a worker hit his head to the bottom of the platform and was injured.

Fine: NT$60,000.

Countermeasures: Improvements have been made to raise the platform above the walkway to a height at which personnel will not run into the bottom and get injured to eliminate the hazard.

VI. Important contracts

Contract nature	Party involved	Contract start and end date	Main content	Restriction clause
Bank credit contracts	The Shanghai Commercial & Savings Bank, Ltd., CTBC Bank Co., Ltd., and E.Sun Commercial Bank	2020.01.01~2020.12.31	Credit limit	None
Purchase and sales contracts	TOP BLOOM TRADING LIMITED	2020.01.01~2020.12.31	Raw material coal	None
Purchase and sales contracts	FU&LEE COAL HOLDING CO.,LTD	2020.01.01~2020.12.31	Raw material coal	None
Purchase and sales contracts	Virtue Elite Limited	2020.01.01~2020.12.31	Raw material coal	None
Purchase and sales contracts	ASIA GREEN ENERGY PUBLIC CO.,LTD	2020.01.01~2020.12.31	Raw material coal	None
Purchase and sales contracts	Full Max Corporation Limited.	2020.01.01~2020.12.31	Raw material gypsum	None
Purchase and sales contracts	China Hi-Ment Co., Ltd	2020.01.01~2020.12.31	Raw material iron slag	None
Purchase and sales contracts	Hsin Wei Express Co., Ltd.	2020.01.01~2020.12.31	Raw material furnace slag	None
Purchase and sales contracts	New Chin Ching Co.,LTD	2020.01.01~2020.12.31	Raw material silica sand	None
Engineering contracts	Kaishin Engineering Co., Ltd.	2018.02.14～Completed	Contract for the land development project	None
Engineering contracts	Nanjing Anjite Mine Engineering Co., Ltd.	2020.01.01~2020.12.31	Vegetation project for mining	None
Purchase and sales contracts	Jiangsu Guoneng Power Fuel Co., Ltd.	2020.01.01~2020.12.31	Raw material coal	None
Purchase and sales contracts	Nanjing China Coal Energy Transportation and Sales Co., Ltd.	2020.01.01~2020.12.31	Raw material coal	None
Purchase and sales contracts	Rugao Puhui New Materials Co., Ltd. Dongtai Branch	2020.01.01~2020.12.31	Raw material turned furnace slag	None
Purchase and sales contracts	Fanchang County Xueming Trading Company	2020.01.01~2020.12.31	Raw material dry and wet fly ash desulfurization gypsum	None
Purchase and sales contracts	Nanjing Nangang Jiahua New Building Materials Co., Ltd.	2020.01.01~2020.12.31	Mineral powder	None
Purchase and sales contracts	Zhenjiang Nuohao Building Material Co., Ltd.	2020.01.01~2020.12.31	Sandstone yellow phosphorus slag	None
Purchase and sales contracts	Quanjiao Lianzhong Transportation Co., Ltd.	2020.01.01~2020.12.31	Harbor transportation	None
Purchase and sales contracts	Jiangsu Runtian Building Material Co., Ltd.	2020.01.01~2020.12.31	Grinding aid	None
Purchase and sales contracts	Nanjing Chongchang Trading Co., Ltd.	2020.01.01~2020.12.31	Fly ash desulfurization gypsum	None
Purchase and sales contracts	Nanjing Zhengkang Building Material Co., Ltd.	2020.01.01~2020.12.31	Clay	None
Purchase and sales contracts	Jiangsu Jiangchuang Technology Co., Ltd.	2020.01.01~2020.12.31	Non-ferrous metal bottom ash	None
Purchase and sales contracts	Nanjing Shuangyetian Trading Co., Ltd.	2020.01.01~2020.12.31	Fly ash	None
Purchase and sales contracts	Nanjing Xiaqian Trading Company	2020.01.01~2020.12.31	Fly ash	None
Purchase and sales contracts	Nanjing Xinrong Environmental Protection New Material Co., Ltd.	2020.01.01~2020.12.31	Desulfurizer	None
Engineering contracts	Taisheng Construction Co., Ltd.	2020.01.01~2020.12.31	Equipment inspection and repair	None
Engineering contracts	Nanjing Ruyun Construction Engineering Co., Ltd.	2020.01.01~2020.12.31	Office decoration and renovation	None
Engineering contracts	Shanghai Laser Power Equipment Co., Ltd.	2020.01.01~2020.12.31	Kiln outlet inspection and repair	None
Engineering contracts	Yixing City Bingwei Water Treatment Equipment Co., Ltd.	2020.01.01~2020.12.31	Sewage treatment	None
Engineering contracts	Zhenjiang Yongfeng Mechanical and Electrical Engineering Co., Ltd.	2020.01.01~2020.12.31	Equipment inspection and repair	None
Engineering contracts	Tangshan Yifeng Furnace Engineering Co., Ltd.	2020.01.01~2020.12.31	Furnace construction	None
Engineering contracts	Jiang Su Tian Mu Construction Group Limited Company.	2020.01.01~2020.12.31	Equipment inspection and repair	None

Six. Finance Overview

I. Condensed balance sheets and comprehensive income statements for the most recent 5 years - IFRS

(I) Consolidated condensed balance sheet - IFRS

Unit: Thousand $NT

Item \ Year		Financial information for the most recent 5 years					Financial information for the current year up to March 31, 2021 (Note 1)
		2020	2019	2018	2017	2016	
Current assets		6,572,996	5,683,105	4,533,454	2,977,260	2,784,672	6,698,284
Property, plant, and equipment		2,928,658	3,093,153	3,306,890	3,499,143	3,725,393	2,878,515
Intangible assets		49,460	51,243	300	2,715	3,313	9,687
Other assets		2,259,939	2,363,793	2,331,832	2,097,807	2,130,286	2,249,711
Total assets		11,811,053	11,191,294	10,172,476	8,576,925	8,643,664	11,836,197
Current liabilities	Before distribution	2,162,621	2,256,725	1,983,843	965,063	1,239,358	1,881,337
	After distribution	(Note 2)	2,632,879	2,257,409	1,001,059	1,277,248	(Note 2)
Non-current liabilities		107,416	304,447	498,546	816,786	1,075,485	104,806
Total liabilities	Before distribution	2,270,037	2,561,172	2,482,389	1,781,849	2,314,843	1,986,143
	After distribution	(Note 2)	2,937,326	2,755,955	1,817,845	2,352,733	(Note 2)
Equity attributable to shareholders of the parent		7,497,866	6,818,517	6,242,201	5,662,973	5,406,966	7,755,315
Capital stock		3,419,579	3,419,579	3,419,579	3,599,557	3,789,007	3,419,579
Capital surplus		22,651	22,551	22,452	22,379	22,299	22,962
Retained earnings	Before distribution	4,231,187	3,608,235	2,918,682	2,021,907	1,567,993	4,515,604
	After distribution	(Note 2)	3,232,081	2,645,116	1,985,911	1,530,103	(Note 2)
Other equity		(175,551)	(231,848)	(118,512)	19,130	27,667	(202,830)
Treasury shares		-	-	-	-	-	-
Non-controlling interests		2,043,150	1,811,605	1,447,886	1,132,103	921,855	2,094,739
Total equity	Before distribution	9,541,016	8,630,122	7,690,087	6,795,076	6,328,821	9,850,054
	After distribution	(Note 2)	8,253,968	7,416,521	6,759,080	6,290,931	(Note 2)

Note 1:The information for the first quarter of 2021 has been reviewed by CPA, except for the information on non-significant subsidiaries, which are based on the unreviewed financial statements prepared by the respective companies for the same period.

Note 2:2020 earnings distribution has been approved by the Board of Directors but has not yet been approved by the shareholder meeting.

(II) Consolidated condensed comprehensive income statement - IFRS

Unit: Thousand $NT

Item \ Year	Financial information for the most recent 5 years					Financial information for the current year up to March 31, 2021 (Note 1)
	2020	2019	2018	2017	2016	
Operating revenues	7,593,294	7,822,895	6,701,130	5,375,877	4,346,147	1,812,350
Operating gross margin	2,609,782	2,604,455	2,183,831	1,256,014	660,193	601,901
Operating profits	2,102,359	2,066,501	1,754,741	854,822	296,695	489,101
Non-operating income and expense	16,072	22,191	4,315	43,102	(87,318)	28,424
Net profits before tax	2,118,431	2,088,692	1,759,056	897,924	209,377	517,525
Net profits (losses) for the period	1,448,873	1,458,617	1,253,506	710,004	177,671	400,371
Other comprehensive income for the period	80,293	(171,537)	(70,493)	(14,718)	(160,998)	(40,910)
Total comprehensive income for the period	1,529,166	1,287,080	1,183,013	695,286	16,673	359,461
Net profits attributable to shareholders of the parent	1,004,034	963,670	840,240	491,910	161,017	284,417
Net profits attributable to non-controlling interests	444,839	494,947	413,266	218,094	16,654	115,954
Comprehensive income attributable to shareholders of the parent	1,055,403	849,783	795,268	483,267	61,653	257,138
Comprehensive income attributable to non-controlling interests	473,763	437,297	387,745	212,019	(44,980)	102,323
Earnings per share (Unit: $NT)	2.94	2.82	2.38	1.32	0.42	0.83

Note 1: The information for the first quarter of 2021 has been reviewed by CPA, except for the information on non-significant subsidiaries, which are based on the unreviewed financial statements prepared by the respective companies for the same period.

(III) Stand-alone condensed balance sheet - IFRS

Unit: Thousand $NT

Item \ Year		Financial information for the most recent 5 years				
		2020	2019	2018	2017	2016
Current assets		1,251,770	941,426	862,847	1,058,179	1,288,692
Property, plant, and equipment		839,378	918,089	1,012,035	1,078,515	1,129,493
Intangible assets		-	-	-	-	-
Other assets		5,873,384	5,485,720	4,882,703	4,061,013	3,713,154
Total assets		7,964,532	7,345,235	6,757,585	6,197,707	6,131,339
Current liabilities	Before distribution	403,107	346,289	292,483	270,396	429,697
	After distribution	(Note 1)	722,443	566,049	306,392	467,587
Non-current liabilities		63,559	180,429	222,901	264,338	294,676
Total liabilities	Before distribution	466,666	526,718	515,384	534,734	724,373
	After distribution	(Note 1)	902,872	788,950	570,730	762,263
Equity attributable to shareholders of the parent		7,497,866	6,818,517	6,242,201	5,662,973	5,406,966
Capital stock		3,419,579	3,419,579	3,419,579	3,599,557	3,789,007
Capital surplus		22,651	22,551	22,452	22,379	22,299
Retained earnings	Before distribution	4,231,187	3,608,235	2,918,682	2,021,907	1,567,993
	After distribution	(Note 1)	3,232,081	2,645,116	1,985,911	1,530,103
Other equity		(175,551)	(231,848)	(118,512)	19,130	27,667
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	7,497,866	6,818,517	6,242,201	5,662,973	5,406,966
	After distribution	(Note 1)	6,442,363	5,968,635	5,626,977	5,369,076

2020 earnings distribution has been approved by the Board of Directors but has not yet been approved by the shareholder meeting.

(IV) Stand-alone condensed comprehensive income statement - IFRS

Unit: Thousand $NT

Item \ Year	Financial information for the most recent 5 years				
	2020	2019	2018	2017	2016
Operating revenues	1,728,042	1,539,575	1,485,196	1,539,891	1,670,583
Operating gross margin	385,584	187,633	180,800	232,448	308,489
Operating profits	219,186	27,973	15,894	86,280	161,593
Non-operating income and expense	880,886	994,370	863,923	431,882	28,732
Net profits before tax	1,100,072	1,022,343	879,817	518,162	190,325
Net profits for the period	1,004,034	963,670	840,240	491,910	161,017
Other comprehensive income for the period	51,369	(113,887)	(44,972)	(8,643)	(99,364)
Total comprehensive income for the period	1,055,403	849,783	795,268	483,267	61,653
Earnings per share (Unit: NT$)	2.94	2.82	2.38	1.32	0.42

(V) The name of CPA for the most recent 5 years and the audit opinions

Year	2020	2019	2018	2017	2016
CPA name	Zongxi Lai Mingchuan Xu	Zongxi Lai Mingchuan Xu	Zongxi Lai Mingchuan Xu	Zongxi Lai Mingchuan Xu	Xiuling Li Minjuan Feng
Audit opinions	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

II. Financial analysis for the most recent 5 years - IFRS

(I) Consolidated financial analysis for the most recent 5 years - IFRS

Analysis Item \ Year		Financial information for the most recent 5 years					Financial information for the current year up to March 31, 2021
		2020	2019	2018	2017	2016	
Capital structure %	Debts to assets ratio	19.22	22.89	24.40	20.77	26.78	16.78
	Ratio of long-term funds to property, plant and equipment	325.78	279.01	239.51	209.54	190.52	342.19
Liquidity %	Current ratio	303.94	251.83	228.52	308.50	224.69	356.04
	Quick ratio	261.67	213.89	186.48	230.48	155.15	314.55
	Interests coverage multiplier	981.76	113.98	65.74	30.62	7.97	5,391.89
Operating performance %	Accounts receivable turnover rate (times)	3.29	3.04	3.51	5.81	6.84	3.65
	Average collection days	111	120	104	63	53	100
	Inventory turnover rate (times)	5.78	6.37	5.82	5.16	4.44	5.84
	Accounts payable turnover rate (times)	4.32	5.26	7.42	12.46	10.75	4.21
	Average sales days	63	57	63	71	82	62
	Property, plant and equipment turnover rate (times)	2.52	2.44	1.97	1.49	1.11	2.50
	Total assets turnover rate (times)	0.66	0.73	0.71	0.62	0.50	0.61
Profitability %	Return on assets (%)	12.61	13.79	13.60	8.54	2.35	3.39
	Return on equity (%)	15.95	17.87	17.31	10.82	2.79	4.13
	Net profits before tax to paid-in capital ratio (%)	61.95	61.08	51.44	24.95	5.53	15.13
	Net profits margin (%)	19.08	18.65	18.71	13.21	4.09	22.09
	Earnings per share (NT$)	2.94	2.82	2.38	1.32	0.42	0.83
Cash Flow	Cash flow ratio (%)	99.31	94.75	50.25	60.96	49.00	27.08
	Cash flow adequacy ratio (%)	360.96	314.38	174.60	118.14	91.99	415.80
	Cash reinvestment ratio (%)	13.15	14.88	8.19	5.03	5.08	3.67
Leverage	Operating leverage	1.49	1.49	1.54	2.03	3.96	1.48
	Financial leverage	1.00	1.01	1.02	1.04	1.11	1.00

Analysis and explanation for items with 20% increase or decrease in the most recent 2 years

1、Increase in current ratio and quick ratio: Due to an increase in cash equivalent because of an increase in profit.

2、Increase in interests coverage multiplier: Due to the increase in profits and decrease in interests from borrowings.

（二）Stand-alone financial analysis for the most recent 5 years - IFRS

Analysis Item \ Year		Financial information for the most recent 5 years				
		2020	2019	2018	2017	2016
Capital structure %	Debts to assets ratio	5.86	7.17	7.63	8.63	11.81
	Long-term capital to property, plant, and equipment ratio	893.26	742.69	616.80	525.07	478.71
Liquidity %	Current ratio	310.53	271.86	295.01	391.34	299.91
	Quick ratio	214.82	156.13	155.03	239.69	192.48
	Interests coverage multiplier	10,892.80	5,557.21	1,969.27	1,096.48	188.51
Operating performance %	Accounts receivable turnover rate (times)	8.20	7.97	8.28	8.43	7.66
	Average collection days	45	46	44	43	48
	Inventory turnover rate (times)	3.45	3.37	3.19	3.01	3.27
	Accounts payable turnover rate (times)	15.13	20.87	19.02	12.39	12.37
	Average sales days	106	108	114	121	111
	Property, plant and equipment turnover rate (times)	1.97	1.60	1.42	1.39	1.48
	Total assets turnover rate (times)	0.23	0.22	0.23	0.25	0.27
Profitability %	Return on assets (%)	13.12	13.67	12.98	7.99	2.65
	Return on equity (%)	14.03	14.76	14.12	8.89	2.97
	Net profits before tax to paid-in capital ratio (%)	32.17	29.90	25.73	14.40	5.02
	Net profits margin (%)	58.10	62.59	56.57	31.94	9.64
	Earnings per share (NT$)	2.94	2.82	2.38	1.32	0.42
Cash Flow	Cash flow ratio (%)	41.03	43.14	53.50	65.42	52.57
	Cash flow adequacy ratio (%)	68.05	91.89	80.53	75.58	68.86
	Cash reinvestment ratio (%)	(2.10)	(1.32)	1.38	1.72	1.94
Leverage	Operating leverage	3.23	18.15	32.13	6.63	3.89
	Financial leverage	1.00	1.01	1.03	1.01	1.01

Analysis and explanation for items with 20% increase or decrease in the most recent 2 years
1、 Long-term capital to property, plant, and equipment ratio: due to the increase in shareholder equity.
2、 Increase in quick ratio: Due to an increase in cash equivalent because of an increase in profit.
3、 Increase in interests coverage multiplier: due to the increase in profits.
4、 Decrease in accounts payable turnover rate: Due to an increase in accounts payable at the end of the period.
5、 Increase in property, plant and equipment turnover rate: Due to increase in sales.
6、 Increase in cash flow adequacy ratio: Due to an increase in cash dividends paid out.
7、 Increase in cash reinvestment ratio: due to the increase in cash dividends.
8、 Decrease in operating leverage: due to increase in operating profits.

Note: calculation formula:

1. Capital structure

(1) Debts to assets ration = total liabilities/total assets.

(2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.

2. Liquidity

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.

(3) Interests coverage multiplier = net profits before tax and interest expense/interest expense for the period.

3. Operating performance

(1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).

(2) Average collection days = 365/accounts receivable turnover rate.

(3) Inventory turnover rate = costs of goods sold/average inventory.

(4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average

accounts payable for various periods (including accounts payable and notes payable from business operations).

(5) Average sales days = 365/inventory turnover rate.

(6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment.

(7) Total assets turnover rate = net sales/average total assets.

4. Profitability

(1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets.

(2) Return on equity = net profits after tax/average total equity.

(3) Net profits margin = net profits after tax/net sales.

(4) Earnings per share = (net profits attributable to shareholders of the parent - preferred stock dividend)/weighted average number of shares outstanding.

5. Cash Flow:

（1）Cash flow ratio = net cash flow from operating activities/current liabilities.

（2）Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years.

（3）Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals).

6. Leverage:

(1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating profits.

(2) Financial leverage = operating profits / (operating profits - interest expense).

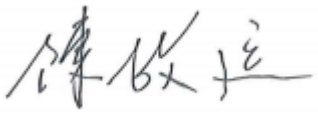
III. Audit Committee's review report of the financial statements for 2020

Audit Committee's review report

The Board of Directors prepared and presented the Company's 2020 business report, financial statements and earnings distribution proposal. CPA from PwC have audited the financial statements and have issued an audit report. The above-mentioned business report, financial statements and earnings distribution proposal have been reviewed by the Audit Committee and no discrepancies have been found and a report was prepared for your review according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

HSING TA CEMENT CO.,LTD

Chairman, Audit Committee: Jhengting Chen



March 30, 2021

IV. Consolidated finance statements and CPA's audit report for 2020

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Hsing Ta Cement Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Hsing Ta Cement Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Occurrence of revenue recognition of cement sales

Description

Please refer to Note 4(28) of the financial statements for accounting policies on revenue recognition and Note 6(18) for details of operating revenue.

The Group's operating revenue mainly consists of cement sales revenue, revenue from recycling and treatment and rental revenue. The revenue from cement sales amounted to NTD 7,460,933 thousand, constituting 98.26% of the 2020 operating revenue. The price of cement often fluctuates due to the prices of raw materials, market supply and demand as well as the general economic situation. Sales prices and order quantities are based on the contracts signed with individual customers. Cement sales revenue is recognised when customers collect the cement, which is based on the dispatch reports prepared by the cement factory according to actual collection situation. The Group's counterparties are numerous, and the types of products, the related prices and the qualities are various. Also, the information process, recording and maintenance of the relevant reports mainly relies on manual operation. Therefore, more audit staff were required to perform the procedures. Additionally, since the cement sales revenue is material to the financial statements, we consider the occurrence of revenue recognition of cement sales as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of revenue recognition policies and procedures for cement sales based on our understanding of the Group's business and the industry it operates in, and confirmed that these were consistently applied in the financial statements.
2. Obtained an understanding of the order, collection and delivery processes, and assessed as well as tested the relevant internal control procedures including sample testing the prices and quantities on the cement order reports and agreed them with the records on the cement sales register cards and the collection reports as well as checking whether the quantities on the collection report were consistent with the records on the delivery sheets and the daily dispatch reports.

3. Verified the monthly dispatch reports used by the management for revenue recognition, including sample testing the quantities on the reports whether they were consistent with the records on the daily dispatch reports, and recalculating the amount of the revenue and agreeing them with the recorded revenue.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended December 31, 2020 and 2019.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

Lai, Chung-Hsi Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,276,512	19	$ 874,572	8
1110	Financial assets at fair value through profit or loss - current	6(2)	1,126,395	10	1,317,327	12
1136	Current financial assets at amortised cost	6(3) and 8	129,429	1	73,019	1
1150	Notes receivable, net	6(4)	1,687,340	14	2,035,960	18
1170	Accounts receivable, net	6(4)	390,257	3	495,586	4
1200	Other receivables		3,638	-	3,120	-
130X	Inventories	6(5)	893,683	8	830,282	7
1410	Prepayments		65,597	1	53,235	1
1470	Other current assets		145	-	4	-
11XX	**Current assets**		6,572,996	56	5,683,105	51
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	233,766	2	273,016	2
1535	Financial assets at amortised cost - non-current	6(3) and 8	226,244	2	224,578	2
1550	Investments accounted for under equity method	6(6)	-	-	-	-
1600	Property, plant and equipment	6(7) and 8	2,928,658	25	3,093,153	28
1755	Right-of-use assets	6(8)	152,475	1	157,056	1
1760	Investment property - net	6(10)	1,445,742	12	1,454,358	13
1780	Intangible assets		49,460	1	51,243	-
1840	Deferred income tax assets	6(25)	34,875	-	57,828	1
1920	Guarantee deposits paid		32,486	-	32,959	-
1990	Other non-current assets, others		134,351	1	163,998	2
15XX	**Non-current assets**		5,238,057	44	5,508,189	49
1XXX	**Total assets**		$ 11,811,053	100	$ 11,191,294	100

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(18)	$ 62,491	-	$ 85,532	1
2150	Notes payable		111,203	1	75,868	1
2160	Notes payable - related parties	7	1,091	-	1,161	-
2170	Accounts payable		1,173,364	10	947,007	8
2200	Other payables	6(11) and 7	556,945	5	601,282	5
2230	Current income tax liabilities	6(25)	249,898	2	312,962	3
2280	Current lease liabilities		6,322	-	6,459	-
2320	Long-term liabilities, current portion	6(12)	-	-	225,244	2
2399	Other current liabilities, others		1,307	-	1,210	-
21XX	**Current Liabilities**		2,162,621	18	2,256,725	20
	Non-current liabilities					
2570	Deferred income tax liabilities	6(25)	4,797	-	5,936	-
2580	Non-current lease liabilities		15,980	-	18,263	-
2640	Accrued pension liabilities	6(13)	48,491	1	161,626	2
2670	Other non-current liabilities, others		38,148	-	118,622	1
25XX	**Non-current liabilities**		107,416	1	304,447	3
2XXX	**Total liabilities**		2,270,037	19	2,561,172	23
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Share capital - common stock		3,419,579	29	3,419,579	31
	Capital surplus	6(15)				
3200	Capital surplus		22,651	-	22,551	-
	Retained earnings	6(16)				
3310	Legal reserve		1,428,368	12	1,332,001	12
3320	Special reserve		231,848	2	118,512	1
3350	Unappropriated retained earnings		2,570,971	22	2,157,722	19
	Other equity interest	6(17)				
3400	Other equity interest		(175,551)	(1)	(231,848)	(2)
31XX	**Equity attributable to owners of the parent**		7,497,866	64	6,818,517	61
36XX	Non-controlling interest		2,043,150	17	1,811,605	16
3XXX	**Total equity**		9,541,016	81	8,630,122	77
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 11,811,053	100	$ 11,191,294	100

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(10)(18) and 7	$ 7,593,294	100	$ 7,822,895	100
5000	Operating costs	6(5)(10)(13)(23)(24) and 7	(4,983,512)	(65)	(5,218,440)	(67)
5900	Gross profit		2,609,782	35	2,604,455	33
	Operating expenses	6(13)(23)(24) and 7				
6100	Selling expenses		(184,119)	(3)	(180,922)	(2)
6200	General and administrative expenses		(310,250)	(4)	(357,032)	(5)
6450	Expected credit losses	12(2)	(13,054)	-	-	-
6000	Total operating expenses		(507,423)	(7)	(537,954)	(7)
6900	Operating profit		2,102,359	28	2,066,501	26
	Non-operating income and expenses					
7100	Interest income	6(19)	9,261	-	8,098	-
7010	Other income	6(20)	25,953	-	33,184	-
7020	Other gains and losses	6(21)	(16,982)	-	(842)	-
7050	Finance costs	6(22)	(2,160)	-	(18,487)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(6)	-	-	238	-
7000	Total non-operating income and expenses		16,072	-	22,191	-
7900	**Profit before income tax**		2,118,431	28	2,088,692	26
7950	Income tax expense	6(25)	(669,558)	(9)	(630,075)	(8)
8200	**Profit for the year**		$ 1,448,873	19	$ 1,458,617	18

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31 2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
	Other comprehensive income					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(13)	($ 6,540)	-	($ 1,953)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	1,308	-	390	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(5,232)	-	(1,563)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(17)	85,525	1	(169,974)	(2)
8360	Components of other comprehensive income that will be reclassified to profit or loss		85,525	1	(169,974)	(2)
8300	**Other comprehensive income (loss) for the year**		$ 80,293	1	($ 171,537)	(2)
8500	**Total comprehensive income for the year**		$ 1,529,166	20	$ 1,287,080	16
	Profit, attributable to:					
8610	Owners of the parent		$ 1,004,034	13	$ 963,670	11
8620	Non-controlling interest		444,839	6	494,947	7
			$ 1,448,873	19	$ 1,458,617	18
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 1,055,403	14	$ 849,783	10
8720	Non-controlling interest		473,763	6	437,297	6
			$ 1,529,166	20	$ 1,287,080	16
	Basic earnings per share	6(26)				
9750	Total basic earnings per share		$ 2.94		$ 2.82	
	Diluted earnings per share	6(26)				
9850	Total diluted earnings per share		$ 2.92		$ 2.81	

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
			Capital surplus		Retained earnings						
	Notes	Ordinary share	treasury share transactions	others	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total	Non-controlling interest	Total equity
2019											
Balance at January 1		$3,419,579	$ 22,299	$ 153	$1,247,977	$ 42,354	$1,628,351	($ 118,512)	$6,242,201	$1,447,886	$7,690,087
Profit for the year		-	-	-	-	-	963,670	-	963,670	494,947	1,458,617
Other comprehensive loss for the year	6(17)	-	-	-	-	-	(551)	(113,336)	(113,887)	(57,650)	(171,537)
Total comprehensive income (loss) for the year		-	-	-	-	-	963,119	(113,336)	849,783	437,297	1,287,080
Appropriations and distribution of 2018 retained earnings:	6(16)										
Legal reserve appropriated		-	-	-	84,024	-	(84,024)	-	-	-	-
Special capital reserve		-	-	-	-	76,158	(76,158)	-	-	-	-
Cash dividends		-	-	-	-	-	(273,566)	-	(273,566)	-	(273,566)
Expired unclaimed dividends transferred to capital surplus		-	-	99	-	-	-	-	99	-	99
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	(73,578)	(73,578)
Balance at December 31		$3,419,579	$ 22,299	$ 252	$1,332,001	$ 118,512	$2,157,722	($ 231,848)	$6,818,517	$1,811,605	$8,630,122
2020											
Balance at January 1		$3,419,579	$ 22,299	$ 252	$1,332,001	$ 118,512	$2,157,722	($ 231,848)	$6,818,517	$1,811,605	$8,630,122
Profit for the year		-	-	-	-	-	1,004,034	-	1,004,034	444,839	1,448,873
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	(4,928)	56,297	51,369	28,924	80,293
Total comprehensive income for the year		-	-	-	-	-	999,106	56,297	1,055,403	473,763	1,529,166
Appropriations and distribution of 2019 retained earnings:	6(16)										
Legal reserve appropriated		-	-	-	96,367	-	(96,367)	-	-	-	-
Special capital reserve		-	-	-	-	113,336	(113,336)	-	-	-	-
Cash dividends		-	-	-	-	-	(376,154)	-	(376,154)	-	(376,154)
Expired unclaimed dividends transferred to capital surplus		-	-	100	-	-	-	-	100	-	100
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	(242,218)	(242,218)
Balance at December 31		$3,419,579	$ 22,299	$ 352	$1,428,368	$ 231,848	$2,570,971	($ 175,551)	$7,497,866	$2,043,150	$9,541,016

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,118,431	$ 2,088,692
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(10)(23)	318,741	325,508
Amortisation expense	6(23)	5,771	4,694
Expected credit losses	12(2)	13,054	-
Net gain on financial assets at fair value through profit or loss	6(2)(21)	(30,675)	(26,314)
Interest expense	6(8)(22)	2,160	18,487
Interest income	6(19)	(9,261)	(8,098)
Dividend revenue	6(20)	(15,627)	(8,290)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	-	(238)
Gain on lease modification	6(8)(21)	(688)	-
Loss on disposal of property, plant and equipment	6(21)	7,526	5,852
Loss on disposals of investments	6(21)	-	1,471
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		348,620	330,445
Accounts receivable, net		92,275	(251,807)
Other receivables		(646)	3,318
Inventories		(63,401)	(21,026)
Prepayments		(12,362)	(11,521)
Other current assets		(141)	166
Changes in operating liabilities			
Current contract liabilities		(23,041)	14,136
Notes payable		35,335	(3,686)
Notes payable - related parties		(70)	376
Accounts payable		226,357	68,334
Other payables		(41,343)	188,908
Other current liabilities, others		97	97
Net defined benefit liability		(113,982)	(47,185)
Cash inflow generated from operations		2,857,130	2,672,319
Income taxes paid		(709,500)	(533,990)
Net cash flows from operating activities		2,147,630	2,138,329

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		($ 1,859,655)	($ 2,579,436)
Proceeds from disposal of financial assets at fair value through profit or loss		2,104,308	1,701,473
Acquisition of financial assets at amortised cost		(137,578)	(12,017)
Proceeds from disposal of financial assets at amortised cost		79,502	-
Proceeds from capital reduction of financial assets at fair value through profit or loss		33,410	-
Proceeds from liquidation of financial assets at fair value through profit or loss		10,384	-
Acquisition of property, plant and equipment	6(7)(27)	(128,374)	(168,206)
Acquisition of investment property	6(10)	-	(328)
Proceeds from disposal of property, plant and equipment		11,908	1,061
Decrease in refundable deposits		473	21,859
Decrease (increase) in other non-current assets, others		50,174	(55,080)
(Increase) decrease in prepayments for business facilities		(22,765)	7,545
Interest received		9,389	7,637
Dividends received		15,627	8,290
Net cash flows from (used in) investing activities		166,803	(1,067,202)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term debt	6(28)	(222,538)	(324,538)
Increase in guarantee deposits received	6(28)	(8,775)	14,021
(Decrease) increase in shareholder accounts		(72,000)	48,000
Payments of lease liabilities	6(28)	(3,071)	(3,665)
Cash dividend paid	6(16)	(376,154)	(273,566)
Interest paid		(3,350)	(20,747)
Dividends paid to non-controlling interests	4(3)	(242,218)	(143,771)
Expired unclaimed dividends transferred to capital surplus		100	99
Net cash flows used in financing activities		(928,006)	(704,167)
Effect of exchange rate changes on cash and cash equivalents		15,513	(44,692)
Net increase in cash and cash equivalents		1,401,940	322,268
Cash and cash equivalents at beginning of year		874,572	552,304
Cash and cash equivalents at end of year		$ 2,276,512	$ 874,572

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

1. History and Organisation

Hsing Ta Cement Co., Ltd. (the "Company") was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and the Company's shares have been approved by Securities Commission, Ministry of Finance to be listed on October 7, 1991. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in quarrying, processing, warehousing and distribution of minerals, manufacturing, processing, warehousing and distribution of limestone chemicals, cement products and limestone related industry, treatment of general waste, sales and leasing of real estate, consultancy of building management, etc.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 30, 2021.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 ,'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ' Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	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
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
   (a) Financial assets at fair value through profit or loss.
   (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:
   (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
   (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
   (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
   (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2020	Ownership(%) December 31, 2019
The Company	Soaring Power Corp. (SPC)	Overseas investment	66.67	66.67
SPC	Jiangsu Xinning New Building Materials Co., Ltd. (XN)	Manufacturing of new building materials, new special cement clinker, silicate cement clinker, general cement and special cement, mineral powder, stone, commercial concrete and cement products; recycling and wholesale of recycled materials; treatment and recycling of sewage; sales of self-produced products and provide related supporting services	100.00	100.00
The Company	Synergy Development Co., Ltd （Synergy）	Agency service of real estates, etc.	98.00	98.00
The Company	Hsin I Ready Mixed Concrete Co., Ltd. (HSIN I)	Manufacturing and sales of concrete	55.20	55.20
XN	Nanjing Xinrong New Green Materials Co., Ltd. (Nanjing Xinrong)	Research and development of new environmental protection materials, technology promotion services; development and service of energy conservation and environmental protection technology; manufacturing of special equipment for environmental protection; promotion services of environmental protection technologies and energy conservation technologies; manufacturing and wholesale of non-metallic ore and products; wholesale of chemical products (excluding hazardous chemicals); fine processing of non-metallic ore	52.72	52.72
XN	Jiangsu Xinning New Building Materials Trading CO.,Ltd (Xinning Trading)	Sales of cement products, building materials, light building materials, building decoration materials, asbestos products and ecological environment material as well as research and development of new material technology	100.00	-

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2020 and 2019, the non-controlling interest amounted to $2,043,150 and $1,811,605, respectively. The information on non-controlling interest and respective subsidiary is as follows:

		Non-controlling interest			
		December 31, 2020		December 31, 2019	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
HSIN I	Taiwan	$ 194,237	44.80%	$ 169,152	44.80%
SPC	Virgin Islands	1,782,503	33.33%	1,572,722	33.33%

Summarised financial information of the subsidiaries:

Balance sheets

	HSIN I	
	December 31, 2020	December 31, 2019
Current assets	$ 394,300	$ 395,131
Non-current assets	228,112	240,403
Current liabilities	(180,982)	(176,662)
Non-current liabilities	(7,866)	(81,301)
Total net assets	$ 433,564	$ 377,571

	SPC-Consolidated	
	December 31, 2020	December 31, 2019
Current assets	$ 4,904,429	$ 4,310,368
Non-current assets	2,165,196	2,281,311
Current liabilities	(1,620,473)	(1,761,882)
Non-current liabilities	(35,991)	(42,716)
Total net assets	$ 5,413,161	$ 4,787,081

Statements of comprehensive income

	HSIN I	
	Year ended December 31	
	2020	2019
Revenue	$ 954,996	$ 760,833
Profit before income tax	72,806	38,015
Income tax expense	(16,135)	(8,027)
Profit for the year from continuing operations	56,671	29,988
Profit for the year	56,671	29,988
Other comprehensive loss, net of tax	(678)	(2,256)
Total comprehensive income for the year	$ 55,993	$ 27,732
Comprehensive income attributable to non-controlling interest	$ 25,085	$ 12,424
Dividends paid to non-controlling interest	$ -	$ -

	SPC-Consolidated	
	Year ended December 31	
	2020	2019
Revenue	$ 5,053,675	$ 5,621,837
Profit before income tax	1,828,953	2,013,272
Income tax expense	(557,368)	(563,366)
Profit for the year from continuing operations	1,271,585	1,449,906
Profit for the year	1,271,585	1,449,906
Other comprehensive income (loss), net of tax	84,478	(169,974)
Total comprehensive income for the year	$ 1,356,063	$ 1,279,932
Comprehensive income attributable to non-controlling interest	$ 452,000	$ 426,616
Dividends paid to non-controlling interest	$ 242,218	$ 143,771

Statements of cash flows

	HSIN I	
	Year ended December 31	
	2020	2019
Net cash provided by operating activities	$ 131,068	($ 48,408)
Net cash provided by investing activities	(3,996)	(11,318)
Net cash provided by financing activities	(72,000)	48,000
Increase (Decrease) in cash and cash equivalents	55,072	(11,726)
Cash and cash equivalents, beginning of year	9,960	21,686
Cash and cash equivalents, end of year	$ 65,032	$ 9,960

	SPC-Consolidated	
	Year ended December 31	
	2020	2019
Net cash provided by operating activities	$ 2,048,940	$ 2,012,986
Net cash provided by investing activities	171,525	(1,109,782)
Net cash provided by financing activities	(1,088,792)	(725,034)
Effect of exchange rates on cash and cash equivalents	(50,010)	40,711
Increase in cash and cash equivalents	1,081,663	218,881
Cash and cash equivalents, beginning of year	554,437	335,556
Cash and cash equivalents, end of year	$ 1,636,100	$ 554,437

(4) Foreign currency translation

Except for items included in the financial statements of SPC are measured using the New Taiwan dollars, which was determined based on the primary operating management environment, other entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the associates and group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.
B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity), but excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	8 ~ 60 years
Machinery and equipment	2 ~ 15 years
Transportation equipment	4 ~ 15 years
Office equipment	3 ~ 15 years
Other equipment	2 ~ 20 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
   (a) Fixed payments, less any lease incentives receivable; and
   (b) Variable lease payments that depend on an index or a rate.
   The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
   (a) The amount of the initial measurement of lease liability;
   (b) Any lease payments made at or before the commencement date; and
   (c) Any initial direct costs incurred by the lessee.
   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 ~ 55 years.

(18) Intangible assets

A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 to 10 years.

B. Patent is amortised using the straight-line method over its estimated economic service life of 20 years.

(19) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plans

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past-service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

The Group manufactures and sells limestone chemicals, cement products and limestone related products. Sales are recognised when control of the products has transferred to customers, the consideration is taking into account of business tax, returns, rebates and discounts. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Rental revenue

The Group follows the guidance of IFRS 16 'Leases' to recognise revenue from the leasing of property. Leases are required to be classified as either finance lease or operating lease according to the extent of transition of risks and rewards of ownership. Revenue is recognised through the period of leases.

(29) Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to cost of land use right are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related land use right as reduced depreciation expense.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Lease term

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option, including the expected changes of all fact and situation for the period from the commencement date of lease to the execution date of options. Also, the Company took into consideration the main factors, such as the contract terms and conditions during the option covered period and the importance to lessee's operation if the significant lease improvement and underlying assets incurred during the contract terms. When significant events or significant changes occur within the Company's control, the lease term will be re-estimated.

(2) Critical accounting estimates and assumptions

Impairment assessment of tangible asset

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$ 1,307	$ 1,273
Checking accounts	51,340	46,721
Demand deposits	2,092,555	697,428
Time deposits	486,983	426,747
	2,632,185	1,172,169
Less: Time deposits pledged	(276,401)	(224,578)
Time deposits that are not held for the purpose of meeting short-term cash commitments in operations	(79,272)	(73,019)
	$ 2,276,512	$ 874,572

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Group's certain time deposits pledged, shown as 'current financial assets at amortised cost' related to issued notes payable, are provided in Note 8.

C. Details of the Group's certain time deposits pledged, shown as 'non-current financial assets at amortised cost' related to guarantee for mining land and deposits for construction, are provided in Note 8.

D. The Group recognised certain time deposits as 'current financial assets at amortised cost' as they are not held for the purpose of meeting short-term cash commitments in operations.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic listed stocks	$ 55,159	$ 55,159
Foreign listed stocks	2,549	2,549
RMB financial products	1,082,213	1,274,280
	1,139,921	1,331,988
Valuation adjustment	(13,526)	(14,661)
	$ 1,126,395	$ 1,317,327
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic unlisted shares	$ 66,570	$ 130,959
Valuation adjustment	167,196	142,057
	$ 233,766	$ 273,016

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2020	2019
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	($ 565)	$ 11,522
RMB financial products	31,240	14,792
	$ 30,675	$ 26,314

B. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Time deposits maturing over three months	$ 79,272	$ 73,019
Time deposits pledged	50,157	-
	$ 129,429	$ 73,019
Non-current items：		
Time deposits pledged	$ 226,244	$ 224,578

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2020	2019
Interest income	$ 1,677	$ 1,889

B. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $355,673 and $297,597, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 1,687,340	$ 2,035,960
Less: Allowance for uncollectible accounts	-	-
	$ 1,687,340	$ 2,035,960
Accounts receivable	$ 403,311	$ 535,278
Less: Allowance for uncollectible accounts	(13,054)	(39,692)
	$ 390,257	$ 495,586

A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	December 31, 2020		December 31, 2019	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 1,687,340	$ 388,443	$ 2,035,960	$ 473,600
Up to 30 days	-	1,083	-	8,966
31 to 90 days	-	16	-	8,597
91 to 180 days	-	-	-	1,348
Over 180 days	-	13,769	-	42,767
	$ 1,687,340	$ 403,311	$ 2,035,960	$ 535,278

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, notes and accounts receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to $2,366,405 and $283,471, respectively.

C. As of December 31, 2020 and 2019, notes receivable were provided and transferred to suppliers to pay the equivalent amount of payables, which were not due or not derecognised amounting to $633,069 and $706,395 (RMB 144,635 thousand and RMB 164,087 thousand), respectively. The Group has the obligation to pay as the endorser if the issuer or acceptor of a note refused to pay at maturity.

D. The notes receivable of the subsidiary, XN are the bank acceptances which are accepted and guaranteed by the banks. As of December 31, 2020 and 2019, the bank acceptances amounted to $1,489,932 and $1,845,507, respectively.

E. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was $1,687,340 and $2,035,960; $390,257 and $495,586, respectively.

F. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 435,163	$ -	$ 435,163
Supplies	290,948	(1,153)	289,795
Work in progress	74,491	-	74,491
Finished goods	94,234	-	94,234
	$ 894,836	($ 1,153)	$ 893,683

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 341,167	$ -	$ 341,167
Supplies	375,054	(1,417)	373,637
Work in progress	43,488	-	43,488
Finished goods	71,990	-	71,990
	$ 831,699	($ 1,417)	$ 830,282

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2020	2019
Cost of goods sold	$ 4,925,049	$ 5,142,881
Underapplied overheads	26,695	47,892
Loss on decline in market value	-	579
Gain on reversal of decline in market value	(264)	-
	$ 4,951,480	$ 5,191,352

(6) Investments accounted for using equity method

	2020	2019
At January 1	$ -	$ 6,614
Disposal of investments accounted for using equity method	-	(5,381)
Share of profit or loss of investments accounted for using equity method	-	238
Losses on disposal of investments	-	(1,471)
At December 31	$ -	$ -

Associates	December 31, 2020	December 31, 2019
Taiwan Ooparts Co., Ltd.	$ -	$ -

Taiwan Ooparts Co., Ltd. reduced capital to offset losses on May 19, 2019, and increased capital by issuing shares on May 20, 2019. The Group did not participate in the capital increase, and as a result, its shareholding ratio decreased from 41.11% to 18.68%. Hence, the Group no longer has significant influence over the associate. The Group remeasured the investment retained in Taiwan Ooparts Co., Ltd. at its fair value and recognised it as ‘non-current financial assets at fair value through profit or loss’. Any difference between fair value and carrying amount is recognised as current disposal loss amounting to $1,471.

(7) Property, plant and equipment

	2020							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction	Total
		Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied		
At January 1								
Cost	$ 550,002	$ 2,044,643	$ 5,353,815	$ 230,543	$ 68,613	$ 90,441	$ 14,864	$ 8,352,921
Accumulated depreciation and impairment	-	(928,894)	(4,050,737)	(163,101)	(36,106)	(80,930)	-	(5,259,768)
	$ 550,002	$ 1,115,749	$ 1,303,078	$ 67,442	$ 32,507	$ 9,511	$ 14,864	$ 3,093,153
Opening net book amount as at January 1	$ 550,002	$ 1,115,749	$ 1,303,078	$ 67,442	$ 32,507	$ 9,511	$ 14,864	$ 3,093,153
Additions	4,789	19,718	59,814	4,838	16,393	3,676	17,753	126,981
Disposals	-	(8,334)	(9,239)	(1,578)	(283)	-	-	(19,434)
Reclassifications	-	1,334	-	-	-	480	(1,868)	(54)
Depreciation charge	-	(65,666)	(210,203)	(15,205)	(8,650)	(2,773)	-	(302,497)
Net exchange differences	-	15,478	13,469	281	696	-	585	30,509
Closing net book amount as at December 31	$ 554,791	$ 1,078,279	$ 1,156,919	$ 55,778	$ 40,663	$ 10,894	$ 31,334	$ 2,928,658
At December 31								
Cost	$ 554,791	$ 2,059,231	$ 5,357,052	$ 222,236	$ 83,413	$ 94,327	$ 31,334	$ 8,402,384
Accumulated depreciation and impairment	-	(980,952)	(4,200,133)	(166,458)	(42,750)	(83,433)	-	(5,473,726)
	$ 554,791	$ 1,078,279	$ 1,156,919	$ 55,778	$ 40,663	$ 10,894	$ 31,334	$ 2,928,658

	2019							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction	Total
		Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied		
At January 1								
Cost	$ 550,002	$ 2,000,465	$ 5,385,750	$ 224,010	$ 51,590	$ 89,984	$ 17,613	$ 8,319,414
Accumulated depreciation and impairment	-	(877,725)	(3,868,389)	(156,870)	(31,603)	(77,937)	-	(5,012,524)
	$ 550,002	$ 1,122,740	$ 1,517,361	$ 67,140	$ 19,987	$ 12,047	$ 17,613	$ 3,306,890
Opening net book amount as at January 1	$ 550,002	$ 1,122,740	$ 1,517,361	$ 67,140	$ 19,987	$ 12,047	$ 17,613	$ 3,306,890
Additions	-	79,409	43,952	18,377	20,483	457	15,353	178,031
Disposals	-	-	(3,344)	(3,490)	(79)	-		(6,913)
Reclassifications	-	17,542	-	-	-	-	(17,542)	-
Depreciation charge	-	(66,998)	(218,435)	(13,903)	(6,685)	(2,993)	-	(309,014)
Net exchange differences	-	(36,944)	(36,456)	(682)	(1,199)	-	(560)	(75,841)
Closing net book amount as at December 31	$ 550,002	$ 1,115,749	$ 1,303,078	$ 67,442	$ 32,507	$ 9,511	$ 14,864	$ 3,093,153
At December 31								
Cost	$ 550,002	$ 2,044,643	$ 5,353,815	$ 230,543	$ 68,613	$ 90,441	$ 14,864	$ 8,352,921
Accumulated depreciation and impairment	-	(928,894)	(4,050,737)	(163,101)	(36,106)	(80,930)	-	(5,259,768)
	$ 550,002	$ 1,115,749	$ 1,303,078	$ 67,442	$ 32,507	$ 9,511	$ 14,864	$ 3,093,153

A. The significant components of buildings and structures include office, factory road maintenance construction, inventory warehouse as well as firefighting and air conditioning equipment, which are depreciated over 30 to 60, 30, 30 to 45 and 8 years, respectively.

B. As the land with book value of $65,638 in Wulaokeng Sec., Su'ao Township is a farmland, therefore, the title to the land is temporarily registered to a natural person. However, the Company has set the pledge of land ownership to itself in order to protect its rights.

C. Information about the property that was pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements - lessee

A. The Group leases various assets including land and office. Rental contracts are typically made for periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The leased assets may not be used as security for borrowing purposes nor the rights to be transferred to others through business transfer or combination.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land - land use right	$ 130,653	$ 131,864
Land - mining land	21,597	25,192
Other equipment	225	-
	$ 152,475	$ 157,056

	Year ended December 31	
	2020	2019
	Depreciation charge	Depreciation charge
Land - land use right	$ 3,341	$ 3,487
Land - mining land	4,251	4,284
Other equipment	36	-
	$ 7,628	$ 7,771

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $721 and $95, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 411	$ 529
Expense on short-term lease contracts	5,445	5,505
Expense on leases of low-value assets	214	262
Gain on lease modification	688	-
	$ 6,758	$ 6,296

E. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were $8,730 and $9,961, respectively.

F. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Leasing arrangements - lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, nor be subleased, lent, sold or granted fully or partially in any different form to the third parties.

B. For the years ended December 31, 2020 and 2019, the Group recognised rent income in the amounts of $44,103 and $43,736, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020		December 31, 2019
2021	$ 42,501	2020	$ 44,098
2022	34,311	2021	42,177
2023	743	2022	34,218
2024	557	2023	743
After 2025	-	2024	557
	$ 78,112		$ 121,793

(10) Investment property

	2020		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 1,199,909	$ 382,369	$ 1,582,278
Accumulated depreciation	-	(127,920)	(127,920)
	$ 1,199,909	$ 254,449	$ 1,454,358
Opening net book amount as at January 1	$ 1,199,909	$ 254,449	$ 1,454,358
Depreciation charge	-	(8,616)	(8,616)
Closing net book amount as at December 31	$ 1,199,909	$ 245,833	$ 1,445,742
At December 31			
Cost	$ 1,199,909	$ 382,369	$ 1,582,278
Accumulated depreciation	-	(136,536)	(136,536)
	$ 1,199,909	$ 245,833	$ 1,445,742

	2019		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 1,199,909	$ 382,041	$ 1,581,950
Accumulated depreciation	-	(119,197)	(119,197)
	$ 1,199,909	$ 262,844	$ 1,462,753
Opening net book amount as at January 1	$ 1,199,909	$ 262,844	$ 1,462,753
Additions	-	328	328
Depreciation charge	-	(8,723)	(8,723)
Closing net book amount as at December 31	$ 1,199,909	$ 254,449	$ 1,454,358
At December 31			
Cost	$ 1,199,909	$ 382,369	$ 1,582,278
Accumulated depreciation	-	(127,920)	(127,920)
	$ 1,199,909	$ 254,449	$ 1,454,358

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2020	2019
Rental income from investment property	$ 44,103	$ 43,736
Direct operating expenses arising from the investment property that generated rental income during the year	$ 18,805	$ 19,467

B. The fair value of the investment property held by the Group was $4,004,421 and $3,904,451 as of December 31, 2020 and 2019, respectively, which was based on the result of internal valuation by the management of the Company using the real estate appraisal methods and the transaction prices of similar properties nearby. The details of the valuation methods are as follows:

(a) Direct capitalisation method of income approach: The Group adjusts the factors that affect the price of the subject property through the differences due to the local factors and individual factors between the comparable properties and the subject property to obtain the reasonable rents of the subject property; and calculates the effective gross income with deduction of the related expenses, then use an appropriate capitalisation rate to obtain the income value of the subject property.

(b) The Group estimates the value of the subject property by comprehensive consideration of transaction prices from sales through agents of the neighbouring comparable properties which possess the same nature and have similar characteristics and the transaction prices of real estate from the Ministry of Interior.

C. On June 19, 2000, the Company was approved to develop the lands with book value of $673,413 in Guanxi by the Tai 89 Nei-Ying-Zi Letter No. 8983677 issued by Construction and Planning Agency Ministry of the Interior through the submitted application of 'Integrated Development and Construction Plan of Hsing Ta Guanxi Community'. However, the titles to certain lands, categorised as cultivated land, were temporarily registered to natural persons and shall be subsequently registered to the Company after the lands are categorised as non-cultivated land in accordance with laws as the Company signed trust deeds with each individual natural person. The Company has set the pledge of land ownership to itself in order to protect its rights.

D. On May 25, 2020, the Company entered into a joint construction agreement with CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. (CHAINQUI). Under the agreement, the Company provides the above-land structures and lands located in No. 602-1 and 603, 2nd Subsec., Chengzhong Sec., Zhongzheng Dist., Taipei City, and CHAINQUI provides construction fund for the building construction.

(11) Other payables

	December 31, 2020	December 31, 2019
Wages and salaries payable	$ 268,106	$ 241,992
Other accrued expense	208,044	294,071
Business tax payable	71,780	52,779
Payables on equipment and construction	8,432	9,825
Interest payable	-	1,191
Other payables, others	583	1,424
	$ 556,945	$ 601,282

(12) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	December 31, 2020	Foreign currency amount
Long-term bank				
Unsecured USD borrowings	Credit line of USD 30 million from February 4, 2015 to February 3, 2020	3.19%	$ -	USD -
			-	
Less: Current portion			-	-
			$ -	

Type of borrowings	Borrowing period	Interest rate range	December 31, 2019	Foreign currency amount
Long-term bank borrowings				
Unsecured USD borrowings	Credit line of USD 30 million from February 4, 2015 to February 3, 2020	3.59% ~ 4.04%	$ 225,244	USD 7,500 thousand
Less: Current portion			(225,244)	7,500 thousand
			$ -	

A. On January 15, 2015, XN entered into a USD 30 million non-revolving syndicated loan agreement with 5 banks including Chinatrust Commercial Bank, Mega International Commercial Bank Co., Ltd. and E.Sun Commercial Bank, Ltd. etc. with the agreement period of 5 years from the first drawdown. The syndicated loan was used to repay the outstanding of the syndicated loan ("the 2010 syndicated loan") signed on January 4, 2010. The Company was the joint guarantor for the new syndicated loan. The new syndicated loan, was fully drawn on February 4, 2015 to repay the outstanding of the 2010 syndicated loan, and was also fully repaid on February 3, 2020.

B. The details of guarantee for the abovementioned new syndicated loan are provided in Note 9.

(13) Pensions

A. (a) The Company and HSIN I have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.

The Company and its domestic subsidiaries contribute monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 218,936)	($ 224,325)
Fair value of plan assets	170,445	62,699
Net defined benefit liability	($ 48,491)	($ 161,626)

(c) Movements in net defined benefit liabilities are as follows:

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 224,325)	$ 62,699	($ 161,626)
Current service cost	(2,202)	-	(2,202)
Interest (expense) income	(1,570)	439	(1,131)
	(228,097)	63,138	(164,959)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,952	1,952
Change in financial assumptions	(8,385)	-	(8,385)
Experience adjustments	(107)	-	(107)
	(8,492)	1,952	(6,540)
Pension fund contribution	-	123,008	123,008
Paid pension	17,653	(17,653)	-
At December 31	($ 218,936)	$ 170,445	($ 48,491)

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 248,022)	$ 42,031	($ 205,991)
Current service cost	(2,570)	-	(2,570)
Interest (expense) income	(2,232)	378	(1,854)
	(252,824)	42,409	(210,415)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,344	1,344
Change in financial assumptions	(4,291)	-	(4,291)
Experience adjustments	994	-	994
	(3,297)	1,344	(1,953)
Pension fund contribution	-	50,742	50,742
Paid pension	31,796	(31,796)	-
At December 31	($ 224,325)	$ 62,699	($ 161,626)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and HSIN I's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and HSIN I have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2020	2019
Discount rate	0.30%	0.70%
Future salary increases	1.00%	1.00%

Assumptions regarding future mortality experience are set based on future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 5,295)	$ 5,485	$ 4,881	($ 8,724)
December 31, 2019				
Effect on present value of defined benefit obligation	($ 5,344)	$ 5,539	$ 4,943	($ 8,751)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amounts to $57,144.

(g) As of December 31, 2020, the weighted average duration of that retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	7,028
1-2 year(s)		14,824
2-5 years		35,318
Over 5 years		70,424
	$	127,594

B. (a) Effective July 1, 2005, the Company and HSIN I have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and HSIN I contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's mainland China subsidiaries, XN, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2020 and 2019, was 16% and 16%, respectively. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2020 and 2019 were $10,923 and $20,904, respectively.

(14) Share capital

As of December 31, 2020, the Company's authorised capital was $5,400,000, consisting of 540,000 thousand shares, and the paid-in capital was $3,419,579 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When setting aside special reserve or retained when necessary, the Board of Directors shall present the distribution of the remaining earnings, if any, along with prior accumulated undistributed earnings for the approval of the stockholders at the stockholders' meetings.

B. The Company's dividend policy is summarised below:

The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. If legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is no longer required to be set aside, and the special reserve could be set aside or reversed in accordance with relevant laws and regulations where necessary. The Board of Directors should propose the distribution including distribution ratios of the remaining earnings along with accumulated unappropriated retained earnings from prior periods for the approval of the shareholders. The dividends shall be distributed, in the form of cash, based on the distributable earnings for current year after reserving required funds in line with the long-term financial planning and investment or major capital budget planning, no less than one third of accumulated distributable earnings of the Company.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of earnings of years 2019 and 2018 as resolved by the stockholders at their meetings on June 23, 2020 and June 21, 2019 are as follows:

	Year ended December 31			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 96,367		$ 84,024	
Special reserve	113,336		76,158	
Cash dividends	376,154	$ 1.10	273,566	$ 0.80

F. The appropriation of 2020 earnings was resolved by the Board of Directors on March 30, 2021.

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 99,911	
Special reserve (reversal)	(56,297)	
Cash dividends	512,937	$ 1.50

G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(24).

(17) Other equity items

	2020	
	Currency translation	Total
At January 1	($ 231,848)	($ 231,848)
Currency translation differences:		
- Group	56,297	56,297
At December 31	($ 175,551)	($ 175,551)

	2019	
	Currency translation	Total
At January 1	($ 118,512)	($ 118,512)
Currency translation differences:		
- Group	(113,336)	(113,336)
At December 31	($ 231,848)	($ 231,848)

(18) Operating revenue

	Year ended December 31	
	2020	2019
Revenue from contracts with customers	$ 7,549,191	$ 7,779,159
Others - rental revenue	44,103	43,736
	$ 7,593,294	$ 7,822,895

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Taiwan		China			
Year ended December 31, 2020	Cement products	Revenue from recycling and treatment	Cement products	Revenue from recycling and treatment	Others	Total
Revenue from external customer contracts	$ 2,433,033	$ 62,484	$ 5,027,900	$ 23,086	$ 2,688	$ 7,549,191
Timing of revenue recognition						
At a point in time	$ 2,433,033	$ -	$ 5,027,900	$ -	$ 2,688	$ 7,463,621
Over time	-	62,484	-	23,086	-	85,570
	$ 2,433,033	$ 62,484	$ 5,027,900	$ 23,086	$ 2,688	$ 7,549,191

	Taiwan		China			
Year ended December 31, 2019	Cement products	Revenue from recycling and treatment	Cement products	Revenue from recycling and treatment	Others	Total
Revenue from external customer contracts	$ 2,113,511	$ 43,811	$ 5,620,338	$ -	$ 1,499	$ 7,779,159
Timing of revenue recognition						
At a point in time	$ 2,113,511	$ -	$ 5,620,338	$ -	$ 1,499	$ 7,735,348
Over time	-	43,811	-	-	-	43,811
	$ 2,113,511	$ 43,811	$ 5,620,338	$ -	$ -	$ 7,779,159

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities – revenue from cement sales in advance	$ 62,491	$ 85,532	$ 71,396

Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Cement sales contracts	$ 71,251	$ 57,427

(19) Interest income

	Year ended December 31	
	2020	2019
Interest income from bank deposits	$ 7,581	$ 6,206
Interest income from financial assets measured at amortised cost	1,677	1,889
Other interest income	3	3
	$ 9,261	$ 8,098

(20) Other income

	Year ended December 31	
	2020	2019
Dividend income	$ 15,627	$ 8,290
Other income	10,326	24,894
	$ 25,953	$ 33,184

(21) Other gains and losses

	Year ended December 31	
	2020	2019
Net gains on financial assets at fair value through profit or loss	$ 30,675	$ 26,314
Net foreign exchange losses	(35,551)	(17,931)
Losses on disposals of property, plant and equipment	(7,526)	(5,852)
Losses on disposals of investments	-	(1,471)
Gains arising from lease modifications	688	-
Miscellaneous disbursements	(5,268)	(1,902)
	($ 16,982)	($ 842)

(22) Finance costs

	Year ended December 31	
	2020	2019
Interest expense		
Bank borrowings	$ 1,002	$ 17,664
Shareholder accounts	747	285
Lease liabilities	411	529
Others	-	9
	$ 2,160	$ 18,487

(23) Expenses by nature

	Year ended December 31	
	2020	2019
Change in inventory of finished goods and work in progress - raw materials and supplies used	$ 2,404,740	$ 2,607,388
Employee benefit expense	640,815	631,050
Depreciation charges on property, plant and equipment as well as investment property	311,113	317,737
Depreciation charges on right-of-use assets	7,628	7,771
Amortisation charges	5,771	4,694
Other expenses	2,120,868	2,187,754
Operating cost and operating expenses	$ 5,490,935	$ 5,756,394

(24) Employee benefit expense

	Year ended December 31	
	2020	2019
Wages and salaries	$ 481,091	$ 446,153
Labour and health insurance fees	31,752	33,492
Pension costs	14,255	25,338
Directors' remuneration	77,482	89,504
Other personnel expenses	36,235	36,563
	$ 640,815	$ 631,050

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1% to 3% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at $24,419 and $22,140, respectively; while directors' and supervisors' remuneration was accrued at $77,561 and $86,352, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 2% and 4% of distributable profit of current year. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $23,405 and $46,812, and will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2020	2019
Current tax:		
Current tax on profits for the year	$ 623,283	$ 590,378
Tax on undistributed surplus earnings	20,117	26,323
Prior year income tax underestimation	3,036	4,578
Total current tax	646,436	621,279
Deferred tax:		
Origination and reversal of temporary differences	23,122	8,796
Total deferred tax	23,122	8,796
Income tax expense	$ 669,558	$ 630,075

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2020	2019
Remeasurement of defined benefit obligations	$ 1,308	$ 390

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	$ 783,795	$ 770,196
Expenses disallowed by tax regulation	3,312	4,201
Expenses surplus by tax regulation	(4,320)	(1,260)
Tax exempt income by tax regulation	(184,576)	(200,887)
Income surplus by tax regulation	97,192	57,755
Tax losses not recognised as deferred tax assets	(55)	(77)
Change in assessment of realisation of deferred tax assets	-	178
Prior year income tax underestimation	3,036	4,578
Tax on undistributed earnings	20,117	26,323
Tax credit for income derived from Mainland China	(49,059)	(28,906)
Others	116	(2,026)
Income tax expense	$ 669,558	$ 630,075

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Net sales revenue and expense	$ 2,820	$ 3,677	$ -	$ 6,497
Unrealised exchange loss	1,704	2,508	-	4,212
Unrealised gross profit from sales	26	21	-	47
Losses on doubtful debts	8,210	(5,327)	-	2,883
Loss on inventory decline in market value	283	(53)	-	230
Impairment loss on investments	2,736	-	-	2,736
Net pension cost	37,005	(23,935)	-	13,070
Remeasurement of defined benefit obligations	1,256	-	169	1,425
Impairment loss on machinery and equipment	3,775	-	-	3,775
Unrealised expenses	13	(13)	-	-
	57,828	(23,122)	169	34,875
Deferred tax liabilities:				
Remeasurement of defined benefit obligations	(5,936)	-	1,139	(4,797)
	(5,936)	-	1,139	(4,797)
	$ 51,892	($ 23,122)	$ 1,308	$ 30,078

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Net sales revenue and expense	$ 1,830	$ 990	$ -	$ 2,820
Unrealised exchange loss	80	1,624	-	1,704
Unrealised gross profit from sales	20	6	-	26
Losses on doubtful debts	8,210	-	-	8,210
Loss on inventory decline in market value	169	114	-	283
Impairment loss on investments	2,736	-	-	2,736
Net pension cost	46,268	(9,263)	-	37,005
Remeasurement of defined benefit obligations	692	-	564	1,256
Impairment loss on machinery and equipment	3,775	-	-	3,775
Unrealised expenses	-	13		13
Tax loss	2,280	(2,280)	-	-
	66,060	(8,796)	564	57,828
Deferred tax liabilities:				
Remeasurement of defined benefit obligations	(5,762)	-	(174)	(5,936)
	(5,762)	-	(174)	(5,936)
	$ 60,298	($ 8,796)	$ 390	$ 51,892

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 21,765	$ 15,834	$ 15,834	2028

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2014	$ 5,051	$ -	$ -	2024
2017	4,950	-	-	2027
2018	21,765	16,107	16,107	2028
	$ 31,766	$ 16,107	$ 16,107	

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 79,109	$ 100,708

F. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,004,034	341,958	$ 2.94
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,004,034	341,958	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	1,504	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,004,034	343,462	$ 2.92

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 963,670	341,958	$ 2.82
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 963,670	341,958	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	1,394	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 963,670	343,352	$ 2.81

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31	
	2020	2019
Purchase of property, plant and equipment	$ 126,981	$ 178,031
Add: Opening balance of payable on equipment	9,825	-
Less: Ending balance of payable on equipment	(8,432)	(9,825)
Cash paid during the year	$ 128,374	$ 168,206

B. Financing activities with no cash flow effects：

	Year ended December 31	
	2020	2019
Less: Current portion	$ -	$ 225,244

(28) Changes in liabilities from financing activities

	2020			
	Long-term borrowings	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	$ 225,244	$ 46,622	$ 24,722	$ 296,588
Changes in cash flow from financing activities	(222,538)	(8,775)	(3,071)	(234,384)
Changes in other non-cash items	-	-	356	356
Impact of changes in foreign exchange rate	(2,706)	301	295	(2,110)
At December 31	$ -	$ 38,148	$ 22,302	$ 60,450

	2019			
	Long-term borrowings	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	$ 552,460	$ 32,601	$ 28,540	$ 613,601
Changes in cash flow from financing activities	(324,538)	14,021	(3,665)	(314,182)
Changes in other non-cash items	-	-	531	531
Impact of changes in foreign exchange rate	(2,678)	-	(684)	(3,362)
At December 31	$ 225,244	$ 46,622	$ 24,722	$ 296,588

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chyn Da Freight Co., Ltd.	An entity controlled by key management personnel
Defu Trading Co., Ltd.	An entity controlled by key management personnel
Yang Tang Hai Charity Foundation	An entity controlled by key management personnel
Hsing Ta Ind Co., Ltd.	Other related party
Taiwan Ooparts Co., Ltd.	Other related party
Hiturbo Capital Co., Ltd.	Other related party
House Eco Lohas Co., Ltd.	Other related party
Yang Jee Shing	Key management personnel of the Group

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2020	2019
Sales of services:		
Entities controlled by key management personnel (rental services)	$ 24	$ 24
Other related parties (rental services)	120	193
	$ 144	$ 217

Services are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases, operating cost and operating expenses

	Year ended December 31	
	2020	2019
Purchases of services:		
Entities controlled by key management personnel (delivery service)	$ 12,290	$ 10,860
Entities controlled by key management personnel (rental services)	5,256	5,247
	$ 17,546	$ 16,107

Services are purchased from entities controlled by key management personnel on normal commercial terms and conditions.

C. Payables to related parties

	December 31, 2020	December 31, 2019
Notes payable:		
Entities controlled by key management personnel	$ 1,091	$ 1,161
Other payables:		
Entities controlled by key management personnel	1,249	1,170
	$ 2,340	$ 2,331

The payables to related parties arise mainly from purchase of services. The payables bear no interest.

D. Property transactions

Disposal of property, plant and equipment:

	December 31, 2020	
	Disposal proceeds	Loss on disposal
Other related party	$ 10,300	($ 262)

December 31, 2019 ：None

E. Loans to /from related parties

Loans from related parties

(i) Outstanding balance:

	December 31, 2020	December 31, 2019
Key management personnel of the Group	$ -	$ 72,000

(ii) Interest expense

	December 31, 2020	December 31, 2019
Key management personnel of the Group	$ 747	$ 285
Annual rate	1.7%	1.7%

(3) Key management compensation

	Year ended December 31	
	2020	2019
Short-term employee benefits	$ 95,351	$ 101,847
Post-employment benefits	241	146
	$ 95,592	$ 101,993

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2020	December 31, 2019	Purpose
Time deposits (shown as 'current financial assets at amortised cost')	$ 50,157	$ -	Guarantees for notes payable
Time deposits (shown as 'non-current financial assets at amortised cost')	226,244	224,578	Guarantee for mining land and deposits for construction
Land (shown as 'property, plant and equipment')	-	155,272	Guarantee for line of credit
	$ 276,401	$ 379,850	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

The details of the outstanding letters of credit for raw materials imports as of December 31, 2020 are as follows:

Currency	Original currency amount (In thousands)
JPY	$ 23,000
USD	1,965
EUR	102

(2) Commitments

A. (a) On January 15, 2015, XN entered into a USD 30 million non-revolving syndicated loan agreement with 5 banks including Chinatrust Commercial Bank, Mega International Commercial Bank Co., Ltd. and E.Sun Commercial Bank, Ltd. etc. with an agreement period of 5 years from the first drawdown. The Company was the joint guarantor for the syndicated loan.

(b) The Company committed to maintain financial ratios based on the annual and the 2nd quarter of 2020 consolidated financial statements as specified in the syndicated loan agreement entered by XN and 5 banks including Chinatrust Commercial Bank. The details are as follows:

i. Current ratio shall be maintained at more than 150% (inclusive).

ii. The debt ratio shall not be more than 50%.

iii. Interest coverage ratio ((income before tax + depreciation + amortisation + interest expense) / interest expense): Shall be maintained at more than 500% (inclusive).

iv. The tangible net value (stockholders' equity less intangible assets) shall be maintained at more than $5.5 billion (inclusive).

As of December 31, 2020, the Group complied with the above financial ratios.

B. Capital expenditure contracted for at the balance sheet date but not yet recognised is as follows:

	December 31, 2020	December 31, 2019
Property, plant and equipment	$ 610	$ 3,020

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The management reviews the Group's capital structure periodically and considers the costs and risks involved for a particular capital structure. Generally, the Group adopts a prudent risk management strategy.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 1,360,161	$ 1,590,343
Financial assets at amortised cost		
Cash and cash equivalents	2,276,512	874,572
Financial assets at amortised cost	355,673	297,597
Notes receivable	1,687,340	2,035,960
Accounts receivable	390,257	495,586
Other receivables	3,638	3,120
Guarantee deposits paid	32,486	32,959
	$ 4,745,906	$ 3,739,794

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 112,294	$ 77,029
Accounts payable	1,173,364	947,007
Other payables	556,945	601,282
Long-term borrowings (including current portion)	-	225,244
Guarantee deposits received	38,148	46,622
	$ 1,880,751	$ 1,897,184
Lease liability	$ 22,302	$ 24,722

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central finance department (Group finance) under policies. Group finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Exchange rate risk

(i). The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(ii) The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 9,042	28.110	$ 254,171
SGD : NTD	71	21.662	1,541
JPY : NTD	125	0.2725	34
RMB : NTD	31,800	4.3770	139,189
USD : RMB	9	6.5249	257
Financial liabilities			
Monetary items			
USD:NTD	$ 318	28.110	$ 8,939

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 506	30.047	$ 15,204
SGD : NTD	64	22.323	1,429
JPY : NTD	148	0.2765	41
RMB : NTD	31,476	4.305	135,504
USD : RMB	9	6.9762	270
Financial liabilities			
Monetary items			
USD : RMB	$ 7,500	6.9762	$ 225,244
USD : NTD	346	30.047	10,396

(iii). The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to $35,551 and $17,931, respectively.

(iv). Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	5%	$ 12,709	$ -
SGD : NTD	5%	77	-
JPY : NTD	5%	2	-
RMB : NTD	5%	6,959	-
USD : RMB	5%	13	-
Financial liabilities			
Monetary items			
USD:NTD	5%	$ 447	$ -

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	5%	$ 760	$ -
SGD : NTD	5%	71	-
JPY : NTD	5%	2	-
RMB : NTD	5%	6,775	-
USD : RMB	5%	14	-
Financial liabilities			
Monetary items			
USD : RMB	5%	$ 11,262	$ -
USD : NTD	5%	520	-

ii. Price risk

(i). The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. The Group is not exposed to commodity price risk.

(ii). The Group's investments in equity securities comprise domestic listed and unlisted shares. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $11,118 and $12,643, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

iii. Cash flow and fair value interest rate risk

(i). The Group's main interest rate risk arises from short- and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

(ii). The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(iii). If the borrowing interest rate had increased/decreased by 5% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have increased/decreased by $0 and $9,010, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents as well as deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

ii. Based on the customers' contract period, financial position and past experience, the default occurs when the contract payments are past due over 150 days.

iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. The Group has written-off financial assets that are still under recourse procedures for the years ended December 31, 2020 and 2019, amounted to $39,692 and $0, respectively.

vi. The Group used the forecastability of overall economic information to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2020, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due
December 31, 2020			
Expected loss rate	0.00%-0.03%	0.30%-2.50%	1.00%-5.00%
Total book value	$ 388,443	$ 1,083	$ 16
Loss allowance	$ 82	$ 27	$ 1

	91~180 days past due	Over 181 days past due	Total
	7.50%-50.00%	94.00%-100.00%	
	$ -	$ 13,769	$ 403,311
	$ -	$ 12,944	$ 13,054

On December 31, 2019 no loss allowance for accounts receivable was recognised since the amount calculated using the simplified approach was immaterial.

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	2020	
	Notes receivable	Accounts receivable
At January 1	$ -	$ 39,692
Provision for impairment	-	13,054
Write-offs	-	(39,692)
At December 31	$ -	$ 13,054

	2019	
	Notes receivable	Accounts receivable
At January 1	$ -	$ 39,692
Provision for impairment	-	-
At December 31	$ -	$ 39,692

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining the financial statements to meet the requirements of financial ratios, the details are provided in Note 9(2), so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group finance. Group finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2020 and 2019, the Group held money market position of $2,275,205 and $873,299, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Notes payable (including related parties)	$ 112,294	$ -	$ -	$ -	$ -
Accounts payable	680,006	493,358	-	-	-
Other payables	478,147	78,798	-	-	-
Lease liability (Note)	338	3,504	790	5,317	12,588

Note: It includes interests of expected future payments.

Non-derivative financial liabilities

December 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Notes payable (including related parties)	$ 77,029	$ -	$ -	$ -	$ -
Accounts payable	697,879	249,128	-	-	-
Other payables	526,270	75,012	-	-	-
Lease liability (Note)	288	6,495	3,640	2,202	15,777
Long-term borrowings (including current portion)(Note)	226,053	-	-	-	-

Note: It includes interests of expected future payments.

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in domestic and foreign listed stocks and fund is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The domestic unlisted stocks and RMB financial products invested by the Group are included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable, other payables, borrowings and guarantee deposits received) are approximate to their fair values.

D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2020 and 2019 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 44,182	$ -	$1,315,979	$1,360,161
December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 43,047	$ -	$1,547,296	$1,590,343

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to equity instruments without active market. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)I.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020	2019
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 1,547,296	$ 658,251
Acquired in the period	1,859,655	2,579,436
Sold in the period	(2,104,308)	(1,701,473)
Gains and losses recognised in profit or loss (Note)	35,784	26,656
Transfers into Level 3	-	5,381
Proceeds from capital reduction in the period	(33,410)	-
Proceeds from liquidation in the period	(10,384)	-
Exchange difference	21,346	(20,955)
At December 31	$ 1,315,979	$ 1,547,296

Note: Recorded as non-operating income and expense.

G. The Group's initial shareholding ratio of TAIWAN OOPARTS CO., LTD. was 41.11%, which was recognised as investment accounted for using equity method. However, TAIWAN OOPARTS CO., LTD. reduced capital to offset losses on May 19, 2019, and increased capital by issuing shares on May 20, 2019. The Group did not participate in the capital increase, the shareholding ratio decreased to 18.68% so that the Group lost significant influence over it. Hence, the Group remeasured the investment retained in TAIWAN OOPARTS CO., LTD. at its fair value and transferred it into Level 3.

H. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 187,778	Market comparable companies	Price to earnings ratio multiple	9.06~63.60	The higher the multiple, the higher the fair value
			Price to book ratio multiple	0.90~2.42	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	45,988	Net asset value	Net asset value	N/A	The higher the net asset value, the higher the fair value
			Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value
RMB financial products	1,082,213	Calculated based on the contract	Product yield	1.35%~3.75%	The higher the product yield, the higher the fair value

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 174,338	Market comparable companies	Price to earnings ratio multiple	10.41 ~ 52.62	The higher the multiple, the higher the fair value
			Price to book ratio multiple	0.89~2.51	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	98,678	Net asset value	Net asset value	N/A	The higher the net asset value, the higher the fair value
			Discount for lack of marketability	0%~10%	The higher the discount for lack of marketability, the lower the fair value
RMB financial products	1,274,280	Calculated based on the contract	Product yield	2.7%~3.9%	The higher the product yield, the higher the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable Change	Unfavourable Change	Favourable Change	Unfavourable Change
Financial assets						
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability, net asset value and product yield	±1%	$ 13,160	($ 13,160)	$ -	$ -

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable Change	Unfavourable Change	Favourable Change	Unfavourable Change
Financial assets						
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability, net asset value and product yield	±1%	$ 15,473	($ 15,473)	$ -	$ -

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

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

(4) Major shareholders information

Major shareholders information: Please refer to table: 6.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment Information

A. The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2020			
	Cement	Others	Reconciliation	Total
Revenue from external customers	$ 7,460,933	$ 132,361	$ -	$ 7,593,294
Inter-segment revenue	142,159	1,260	(143,419)	-
Total segment revenue	$ 7,603,092	$ 133,621	($ 143,419)	$ 7,593,294
Segment income (loss)	$ 2,019,200	$ 99,231		$ 2,118,431

	Year ended December 31, 2019			
	Cement	Others	Reconciliation	Total
Revenue from external customers	$ 7,733,849	$ 89,046	$ -	$ 7,822,895
Inter-segment revenue	98,089	1,260	(99,349)	-
Total segment revenue	$ 7,831,938	$ 90,306	($ 99,349)	$ 7,822,895
Segment income (loss)	$ 2,028,233	$ 60,459		$ 2,088,692

B. Because the measuring amount of the Group's assets and liabilities was not provided to the Chief Operating Decision-Maker, therefore, such amount was not disclosed.

(3) Reconciliation for segment income (loss)

A. The reportable segment income or loss reported to the Chief Operating Decision-Maker is consistent with income/(loss) before tax from continuing operations of the statements of comprehensive income.

B. The Group did not provide the Chief Operating Decision-Maker with the amount of total assets and liabilities for decision making.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company(%)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	2	3,748,933	321,176	321,176	321,176	-	4.28	7,497,866	Y	N	N	
1	Hsin I Ready Mixed Concrete Co., Ltd.	Hsing Ta Cement Co., Ltd.	4	346,851	210,431	210,431	210,431	-	48.54	433,564	N	Y	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Under the Company's "Procedures for Provision of Endorsements and Guarantees", the Company's total guarantees and endorsements to others should not exceed the Company's net asset value based on the latest financial statements, and total guarantees and endorsements provided for a single party should not exceed 50% of the Company's net asset value based on the latest financial statements. The calculation is shown below:

(1) $7,497,866 (the net asset value on the 2020 Q4 financial statements) × 50% = $3,748,933.

(2) $7,497,866 (the net asset value on the 2020 Q4 financial statements) × 100% = $7,497,866.

Under the subsidiary, HSIN I READY MIXED CONCRETE CO., LTD.'s "Procedures for Provision of Endorsements and Guarantees", this company's total guarantees and endorsements to others should not exceed its net asset value based on the latest financial statements, and total guarantees and endorsements provided for a single party should not exceed 80% of its net asset value based on the latest financial statements. The calculation is shown below:

(3) $433,564 (the net asset value on the 2020 Q4 financial statements) × 80% = $346,851.

(4) $433,564 (the net asset value on the 2020 Q4 financial statements) × 100% = $433,564.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020				Footnote (Note 4)
				Number of shares or units (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Hsing Ta Cement Co., Ltd.	China Steel Corporation		Current financial assets at fair value through profit or loss	1,698	$ 42,026		$ 42,026	
	Hotung Investment Holdings Limited		〃	60	2,156		2,156	
Jiangsu Xinning New Building Materials Co., Ltd.	BenliFeng Bubugao Financial Products		〃	-	240,735		240,735	
	Bank Of Communication Structured Deposits		〃	-	43,770		43,770	
	Bank Of Hangzhou Structured Deposits		〃	-	43,770		43,770	
	China Merchants Bank Certificates Of Deposit		〃	-	569,010		569,010	
	SPD Bank Certificates Of Deposit		〃	-	131,310		131,310	
Nanjing Xinrong New Green Materials Co., Ltd.	BenliFeng Bubugao Financial Products		〃	-	53,618		53,618	
					$ 1,126,395		$ 1,126,395	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020				Footnote (Note 4)
				Number of shares or units (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Hsing Ta Cement Co., Ltd.	Chin Ta Construction Co., Ltd.		Non-current financial assets at fair value through profit or loss	5,200	$ 39,920	19.90	$ 39,920	
	Taiwan Ooparts Co., Ltd.	Other related party	〃	538	4,387	18.68	$ 4,387	
	Taian Insurance Co ,ltd		〃	365	5,258	0.12	5,258	
	Pershing Technology Services Corporation		〃	2,326	72,379	8.73	72,379	
	Fujitec Taiwan Co., Ltd.		〃	70	14,486	2.33	14,486	
	Global Securities Finance Corporation		〃	163	1,680	0.88	1,680	
	Da Chiang International Co., Ltd.		〃	3,448	89,959	1.72	89,959	
	Kemitek Industrial Corp.		〃	167	5,697	0.24	5,697	
	Power Digital Card Co., Ltd.		〃	796	-	1.70	-	
	Amcom Communications,inc. (Preferred Stock B)		〃	520	-	11.15	-	
	Amcom Communications,inc. (Preferred Stock C)		〃	189	-	9.70	-	
					$ 233,766		$ 233,766	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	1	Sales revenue	$ 142,159	Note 4	1.87
0	Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	1	Rent income	1,260	Note 5	0.01
0	Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	1	Notes receivable	34,588	Note 4	0.29
0	Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	1	Advance sales receipts	1,836	-	0.02
1	Nanjing Xinrong New Green Materials Co., Ltd.	Jiangsu Xinning New Building Materials Co., Ltd.	3	Sales revenue	10,335	Note 4	0.14
1	Nanjing Xinrong New Green Materials Co., Ltd.	Jiangsu Xinning New Building Materials Co., Ltd.	3	Accounts receivable	4,421	Note 4	0.04
1	Nanjing Xinrong New Green Materials Co., Ltd.	Jiangsu Xinning New Building Materials Co., Ltd.	3	Notes receivable	2,483	Note 4	0.02

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: The rental charged and the payment terms agreed are available to third parties.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Information on investees

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income(loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares (In thousands)	Ownership (%)	Book value	(Note 2(2))	(Note 2(3))	
Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	Taipei city	Manufacturing and sales of concrete	$ 60,720	$ 60,720	6,072	55.20	$ 239,090	$ 56,671	$ 31,282	Subsidiaries
	Synergy Development Co., Ltd	〃	Agency service of real estates, etc.	58,800	58,800	5,880	98.00	63,382	256	251	〃
	Soaring Power Corp.	Virgin Islands	Overseas investment	1,488,493	1,488,493	46,587	66.67	3,565,541	1,271,585	847,766	〃

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2020' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2020' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 3(2)B)	Book value of investments in Mainland China as of December 31 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Jiangsu Xinning New Building Materials Co., Ltd.	Manufacturing of new building materials, new special cement clinker, various silicate cement and new special cement, mineral powder, stone, commercial concrete and cement products; recycling and wholesale of recycled materials; treatment and recycling of sewage; treatment of solid waste; construction of interior and exterior decoration; sales of self-produced products and provide related supporting services; import and export business of self- management and agent of various goods and techniques (goods and techniques that are restricted to operate and prohibited to import and export by the country are excluded)	$ 2,385,679 USD 74,880 (Note 1)	2 (Soaring Power Corp.)	$ 1,487,098 USD 46,587	$ -	$ -	$ 1,487,098 USD 46,587	$ 1,388,063	66.67%	$ 925,422	$ 3,558,287	$ 927,650	
Nanjing Xinrong New Green Materials Co., Ltd.	Research and development of new environmental protection materials, technology promotion services; development and service of energy conservation and environmental protection technology; manufacturing of special equipment for environmental protection; promotion services of environmental protection technologies and energy conservation technologies; manufacturing and wholesale of non-metallic ore and products; wholesale of chemical products (excluding hazardous chemicals); fine processing of non-metallic ore	146,764 CNY 33,424	3 (Jiangsu Xinning New Building Materials Co., Ltd.)	-	-	-	-	(9,251)	35.15%	(3,252)	45,402	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hsing Ta Cement Co., Ltd.	$ 1,487,098 USD 46,587	$ 1,590,532 USD 49,920	$ 5,724,609

Note 1: It includes capitalisation of earnings amounting to USD 5,000 with amount of USD 5,000×66.67%=USD 3,333.5 approved by MOEA.

Note 2: Investment methods are classified into the following four categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China：Soaring Power Corp.

(3) Reinvestments through an existing company in Mainland China approved by MOEA: According to the regulation of MOEA, the Company needs no approval from MOEA for reinvestments through an existing company in Mainland China, thus, those investment amounts are not included in the ceiling on investments.

(4) Others.

Note 3: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.

C.Others.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2020

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
YANG CHUNG-HSIUNG	41,528,048	12.14%
YANG REN-HSIUNG	36,108,783	10.55%
YANG JEE SHING	34,426,166	10.06%
HU MEI-HONG	20,668,448	6.04%

V. Parent Company Only financial statements and CPA's audit report for 2020

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Hsing Ta Cement Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Hsing Ta Cement Co., Ltd. (the "Company") as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only 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 generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the audit of the parent company only 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 Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 parent company only financial statements are stated as follows:

Occurrence of revenue recognition of cement sales

Description

Please refer to Note 4(26) of the financial statements for accounting policies on revenue recognition and Note 6(16) for details of operating revenue.

The Company's operating revenue mainly consists of cement sales revenue, revenue from recycling and treatment and rental revenue. The revenue from cement sales amounted to NTD 1,620,195 thousand, constituting 93.76% of the 2020 operating revenue. The price of cement often fluctuates due to the prices of raw materials, market supply and demand as well as the general economic situation. Sales prices and order quantities are based on the contracts signed with individual customers. Cement sales revenue is recognised when customers collect the cement, which is based on the dispatch report prepared by the cement factory according to actual collection situation. The Company's counterparties are numerous, and the types of products, the related prices and the qualities are various. Also, the information process, recording and maintenance of the relevant reports mainly relies on manual operation. Therefore, more audit staff were required to perform the procedures. Additionally, since the cement sales revenue is material to the financial statements and the Company's subsidiaries, accounted for using equity method, have the same matters as the aforementioned, we consider the occurrence of revenue recognition of cement sales of the Company and its subsidiaries as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of revenue recognition policies and procedures for cement sales based on our understanding of the Company's business and the industry it operates in, and confirmed that these were consistently applied in the financial statements.
2. Obtained an understanding of the order, collection and delivery processes, and assessed as well as tested the relevant internal control procedures including sample testing the prices and quantities on the cement order reports and agreed them with the records on the cement sales register cards and the collection reports as well as checking whether the quantities on the collection report were consistent with the records on the delivery sheets and the daily dispatch reports.

3. Verified the monthly dispatch report used by the management for revenue recognition, including sample testing the quantities on the reports whether they were consistent with the records on the daily dispatch report, and recalculating the amount of the revenue and agreeing them with the recorded revenue.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 generally accepted auditing standards 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 parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements of the current period 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.

Lai, Chung-Hsi Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 571,707	7	$ 306,766	4
1110	Financial assets at fair value through profit or loss - current	6(2)	44,182	1	43,047	1
1150	Notes receivable, net	6(4)	141,274	2	120,000	2
1160	Notes receivable - related parties	6(4) and 7	34,588	-	22,124	-
1170	Accounts receivable, net	6(4)	57,388	1	46,048	1
1200	Other receivables		544	-	670	-
130X	Inventories	6(5)	385,376	5	393,626	5
1410	Prepayments		16,711	-	9,141	-
1470	Other current assets		-	-	4	-
11XX	**Current assets**		1,251,770	16	941,426	13
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	233,766	3	273,016	4
1535	Financial assets at amortised cost-non-current	6(3) and 8	213,524	3	211,858	3
1550	Investments accounted for under equity method	6(6)	3,868,013	49	3,417,334	46
1600	Property, plant and equipment	6(7)	839,378	10	918,089	12
1755	Right-of-use assets	6(8)	4,218	-	6,993	-
1760	Investment property - net	6(10)	1,443,908	18	1,457,715	20
1840	Deferred income tax assets	6(23)	30,423	-	47,762	1
1900	Other non-current assets		79,532	1	71,042	1
15XX	**Non-current assets**		6,712,762	84	6,403,809	87
1XXX	**Total assets**		$ 7,964,532	100	$ 7,345,235	100

(Continued)

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(16) and 7	$ 32,898	-	$ 36,102	-
2150	Notes payable		-	-	12,848	-
2170	Accounts payable		106,058	1	58,551	1
2200	Other payables		206,028	3	190,113	3
2230	Current income tax liabilities		53,484	1	44,282	1
2280	Current lease liabilities		3,508	-	3,419	-
2300	Other current liabilities		1,131	-	974	-
21XX	**Current Liabilities**		403,107	5	346,289	5
	Non-current liabilities					
2570	Deferred income tax liabilities	6(23)	4,797	-	5,936	-
2580	Non-current lease liabilities		815	-	3,642	-
2640	Accrued pension liabilities	6(11)	40,645	1	152,344	2
2645	Guarantee deposits received		17,302	-	18,507	-
25XX	**Non-current liabilities**		63,559	1	180,429	2
2XXX	**Total liabilities**		466,666	6	526,718	7
	Equity					
	Share capital	6(12)				
3110	Share capital - common stock		3,419,579	43	3,419,579	47
	Capital surplus	6(13)				
3200	Capital surplus		22,651	-	22,551	-
	Retained earnings	6(14)				
3310	Legal reserve		1,428,368	18	1,332,001	18
3320	Special reserve		231,848	3	118,512	2
3350	Unappropriated retained earnings		2,570,971	32	2,157,722	29
	Other equity interest	6(15)				
3400	Other equity interest		(175,551)	(2)	(231,848)	(3)
3XXX	**Total equity**		7,497,866	94	6,818,517	93
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 7,964,532	100	$ 7,345,235	100

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(9)(10)(16) and 7	$ 1,728,042	100	$ 1,539,575	100
5000	Operating costs	6(5)(10)(11)(21)(22)	(1,342,353)	(78)	(1,351,913)	(88)
5900	Gross profit		385,689	22	187,662	12
5910	Unrealized profit from sales		(237)	-	(132)	-
5920	Realized profit from sales		132	-	103	-
5950	Net operating margin		385,584	22	187,633	12
	Operating expenses	6(11)(21)(22) and 7				
6100	Selling expenses		(66,874)	(4)	(60,273)	(4)
6200	General and administrative expenses		(99,524)	(5)	(99,387)	(6)
6000	Total operating expenses		(166,398)	(9)	(159,660)	(10)
6900	Operating profit		219,186	13	27,973	2
	Non-operating income and expenses					
7100	Interest income	6(17)	4,101	-	5,045	-
7010	Other income	6(18)	17,103	1	11,660	1
7020	Other gains and losses	6(19)	(19,516)	(1)	(5,964)	(1)
7050	Finance costs	6(20)	(101)	-	(184)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	879,299	51	983,813	64
7000	Total non-operating income and expenses		880,886	51	994,370	64
7900	**Profit before income tax**		1,100,072	64	1,022,343	66
7950	Income tax expense	6(23)	(96,038)	(6)	(58,673)	(4)
8200	**Profit for the year**		$ 1,004,034	58	$ 963,670	62
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(11)	($ 5,693)	-	$ 868	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(374)	-	(1,245)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	1,139	-	(174)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(4,928)	-	(551)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(6)(15)	56,297	3	(113,336)	(7)
8360	Components of other comprehensive income that will be reclassified to profit or loss		56,297	3	(113,336)	(7)
8300	**Other comprehensive income (loss) for the year**		$ 51,369	3	($ 113,887)	(7)
8500	**Total comprehensive income for the year**		$ 1,055,403	61	$ 849,783	55
	Basic earnings per share					
9750	Total basic earnings per share		$	2.94	$	2.82
	Diluted earnings per share					
9850	Total diluted earnings per share		$	2.92	$	2.81

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus: Treasury stock transactions	Capital surplus: Others	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
2019									
Balance at January 1		$ 3,419,579	$ 22,299	$ 153	$ 1,247,977	$ 42,354	$ 1,628,351	($ 118,512)	$ 6,242,201
Profit for the year		-	-	-	-	-	963,670	-	963,670
Other comprehensive loss for the year	6(15)	-	-	-	-	-	(551)	(113,336)	(113,887)
Total comprehensive income (loss) for the year		-	-	-	-	-	963,119	(113,336)	849,783
Appropriations and distribution of 2018 retained earnings:	6(14)								
Legal reserve appropriated		-	-	-	84,024	-	(84,024)	-	-
Special reserve appropriated		-	-	-	-	76,158	(76,158)	-	-
Cash dividends		-	-	-	-	-	(273,566)	-	(273,566)
Expired unclaimed dividends transferred to capital surplus		-	-	99	-	-	-	-	99
Balance at December 31		$ 3,419,579	$ 22,299	$ 252	$ 1,332,001	$ 118,512	$ 2,157,722	($ 231,848)	$ 6,818,517
2020									
Balance at January 1		$ 3,419,579	$ 22,299	$ 252	$ 1,332,001	$ 118,512	$ 2,157,722	($ 231,848)	$ 6,818,517
Profit for the year		-	-	-	-	-	1,004,034	-	1,004,034
Other comprehensive income (ioss) for the year	6(15)	-	-	-	-	-	(4,928)	56,297	51,369
Total comprehensive income		-	-	-	-	-	999,106	56,297	1,055,403
Appropriations and distribution of 2019 retained earnings:	6(14)								
Legal reserve appropriated		-	-	-	96,367	-	(96,367)	-	-
Special reserve appropriated		-	-	-	-	113,336	(113,336)	-	-
Cash dividends		-	-	-	-	-	(376,154)	-	(376,154)
Expired unclaimed dividends transferred to capital surplus		-	-	100	-	-	-	-	100
Balance at December 31		$ 3,419,579	$ 22,299	$ 352	$ 1,428,368	$ 231,848	$ 2,570,971	($ 175,551)	$ 7,497,866

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,100,072	$ 1,022,343
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(10)(21)	143,414	149,489
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(19)	565	(11,522)
Interest expense	6(8)(20)	101	184
Interest income	6(17)	(4,101)	(5,045)
Dividend revenue	6(18)	(15,627)	(8,290)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(879,299)	(983,813)
Gain on lease modification	6(8)(19)	(688)	-
Gain on disposal of investment	6(19)	-	1,471
Loss on disposal of property, plant and equipment	6(19)	4,742	2,387
Gain on disposal of investment property	6(19)	(120)	-
Unrealized gain from sale		237	132
Realized gain from sale		(132)	(103)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(21,274)	23,140
Notes receivable - related parties		(12,464)	(11,056)
Accounts receivable, net		(11,340)	(1,874)
Other receivables		-	4,923
Inventories		8,250	14,369
Prepayments		(7,570)	(238)
Other current assets		5	(4)
Changes in operating liabilities			
Current contract liabilities		(3,204)	17,187
Notes payable		(12,848)	(26,459)
Accounts payable		47,507	39,731
Other payables		15,915	11,900
Other current liabilities		157	(47)
Net defined benefit liability		(117,392)	(45,068)
Cash inflow generated from operations		234,906	193,737
Income taxes paid		(69,497)	(44,333)
Net cash flows from operating activities		165,409	149,404

(Continued)

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of financial assets at fair value through profit or loss		$ 33,410	$ -
Acquisition of financial assets at amortised cost		(1,666)	-
Proceeds from liquidation of financial assets at fair value through profit or loss		10,384	-
Acquisition of property, plant and equipment	6(7)	(57,596)	(45,643)
Proceeds from disposal of property, plant and equipment	6(7)	709	356
Decrease in refundable deposits		165	1,816
Acquisition of investment property	6(10)	-	(328)
Proceeds from disposal of investment property		4,777	-
Decrease (increase) in other non-current assets, others		975	(3,838)
Increase in prepayments for business facilities		(9,631)	(10,189)
Interest received		4,227	4,584
Dividends received		493,821	295,832
Net cash flows from investing activities		479,575	242,590
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received		(1,205)	(352)
Interest paid		-	(116)
Cash dividend paid	6(14)	(376,154)	(273,566)
Payments of lease liabilities	6(8)	(2,784)	(3,366)
Expired unclaimed dividends transferred to capital surplus		100	99
Net cash flows used in financing activities		(380,043)	(277,301)
Net increase in cash and cash equivalents		264,941	114,693
Cash and cash equivalents at beginning of year		306,766	192,073
Cash and cash equivalents at end of year		$ 571,707	$ 306,766

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Hsing Ta Cement Co., Ltd. (the "Company") was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and the Company's shares have been approved by Securities Commission, Ministry of Finance to be listed on October 7, 1991. The Company was primarily engaged in quarrying, processing, warehousing and distribution of minerals, manufacturing, processing, warehousing and distribution of limestone chemicals, cement products and limestone related industry, treatment of general waste, sales and leasing of real estate, consultancy of building management, etc.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on March 30, 2021.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 ,'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note：Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ' Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	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
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

The financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the associates and subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity), but excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.

D. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

K. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	8 ~ 60 years
Machinery and equipment	2 ~ 15 years
Transportation equipment	4 ~ 15 years
Office equipment	3 ~ 15 years
Other equipment	2 ~ 20 years

(15) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 ~ 55 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plans

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

The Company manufactures and sells limestone chemicals, cement products and limestone related products. Sales are recognised when control of the products has transferred to customers, the consideration is taking into account of business tax, returns, rebates and discounts. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Rental revenue

The Company follows the guidance of IFRS 16 'Leases' to recognise revenue from the leasing of property. Leases are required to be classified as either finance lease or operating lease according to the extent of transition of risks and rewards of ownership. Revenue is recognised through the period of leases.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these financial statements requires management to make critical judgements in applying the Company accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Lease term

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option, including the expected changes of all fact and situation for the period from the commencement date of lease to the execution date of options. Also, the Company took into consideration the main factors, such as the contract terms and conditions during the option covered period and the importance to lessee's operation if the significant lease improvement and underlying assets incurred during the contract terms. When significant events or significant changes occur within the Company's control, the lease term will be re-estimated.

(2) Critical accounting estimates and assumptions

Impairment assessment of tangible asset

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$ 702	$ 716
Checking accounts	46,964	46,678
Demand deposits	392,731	130,222
Time deposits	344,834	341,008
	785,231	518,624
Less: Time deposits pledged	(213,524)	(211,858)
	$ 571,707	$ 306,766

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Company's certain time deposits pledged, shown as 'non-current financial assets at amortised cost' related to guarantee for mining land, are provided in Note 8.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic listed stocks	$ 55,159	$ 55,159
Foreign listed stocks	2,549	2,549
	57,708	57,708
Valuation adjustment	(13,526)	(14,661)
	$ 44,182	$ 43,047
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic listed stocks	$ 66,570	$ 130,959
Valuation adjustment	167,196	142,057
	$ 233,766	$ 273,016

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2020	2019
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	($ 565)	$ 11,522

B. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Non-current items：		
Time deposits pledged	$ 213,524	$ 211,858

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2020	2019
Interest income	$ 951	$ 1,329

B. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $213,524 and $211,858, respectively.

C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 141,274	$ 120,000
Notes receivable due from related parties	34,588	22,124
Less: Allowance for uncollectible accounts	-	-
	$ 175,862	$ 142,124
Accounts receivable	$ 57,388	$ 46,048
Less: Allowance for uncollectible accounts	-	-
	$ 57,388	$ 46,048

A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	December 31, 2020		December 31, 2019	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 175,862	$ 57,388	$ 142,124	$ 46,048
Up to 30 days	-	-	-	-
31 to 90 days	-	-	-	-
91 to 180 days	-	-	-	-
Over 180 days	-	-	-	-
	$ 175,862	$ 57,388	$ 142,124	$ 46,048

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, notes and accounts receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to $154,208 and $44,174, respectively.

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was $175,862 and $142,124; $57,388 and $46,048, respectively.

D. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 131,444	$ -	$ 131,444
Supplies	189,929	(1,153)	188,776
Work in progress	23,225	-	23,225
Finished goods	41,931	-	41,931
	$ 386,529	$ (1,153)	$ 385,376

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 141,849	$ -	$ 141,849
Supplies	214,616	(1,417)	213,199
Work in progress	14,224	-	14,224
Finished goods	24,354	-	24,354
	$ 395,043	($ 1,417)	$ 393,626

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2020	2019
Cost of goods sold	$ 1,284,832	$ 1,275,778
Underapplied overheads	26,696	47,892
Loss on decline in market value	-	579
Gain on reversal of decline in market value	(264)	-
	$ 1,311,264	$ 1,324,249

(6) Investments accounted for using equity method

	2020	2019
At January 1	$ 3,417,334	$ 2,842,526
Disposal of investments accounted for using equity method	-	(5,381)
Share of profit or loss of investments accounted for using equity method	879,299	983,813
Earnings distribution of investments accounted for using equity method	(484,438)	(287,542)
Changes in other equity items (Note 6(15))	56,297	(113,336)
Others	(479)	(2,746)
At December 31	$ 3,868,013	$ 3,417,334

	December 31, 2020	December 31, 2019
Subsidiaries:		
Hsin I Ready Mixed Concrete Co., Ltd.	$ 239,090	$ 208,288
Synergy Development Co., Ltd.	63,382	63,131
Soaring Power Corp.	3,565,541	3,145,915
	$ 3,868,013	$ 3,417,334

A. Subsidiaries

Please refer to Note 4(3) in the 2020 consolidated financial statements for the information regarding the Company's subsidiaries.

B. Associates

Associates	December 31, 2020	December 31, 2019
Taiwan Ooparts Co., Ltd.	$ -	$ -

Taiwan Ooparts Co., Ltd. reduced capital to offset losses on May 19, 2019, and increased capital by issuing shares on May 20, 2019. The Company did not participate in the capital increase, and as a result, its shareholding ratio decreased from 41.11% to 18.68%. Hence, the Company no longer has significant influence over the associate. The Company remeasured the investment retained in Taiwan Ooparts Co., Ltd. at its fair value and recognised it as 'non-current financial assets at fair value through profit or loss'. Any difference between fair value and carrying amount is recognised as current disposal loss amounting to $1,471.

(7) Property, plant and equipment

	2020									
	Land	Buildings and structures	Machinery and equipment			Transportation equipment	Office equipment	Other equipment	Unfinished construction	Total
		Owner-occupied	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	Owner-occupied		
At January 1										
Cost	$ 394,731	$ 732,335	$ 3,439,341	$ 43,163	$ 3,482,504	$ 82,724	$ 8,616	$ 90,440	$ 480	$ 4,791,830
Accumulated depreciation and impairment	-	(593,116)	(3,078,653)	(42,963)	(3,121,616)	(70,751)	(7,329)	(80,929)	-	(3,873,741)
	$ 394,731	$ 139,219	$ 360,688	$ 200	$ 360,888	$ 11,973	$ 1,287	$ 9,511	$ 480	$ 918,089
Opening net book amount as at January 1	$ 394,731	$ 139,219	$ 360,688	$ 200	$ 360,888	$ 11,973	$ 1,287	$ 9,511	$ 480	$ 918,089
Additions	4,789	2,000	45,915	-	45,915	256	-	3,676	960	57,596
Disposals	-	-	(5,335)	(112)	(5,447)	-	(4)	-	-	(5,451)
Reclassification	-	-	-	-	-	-	-	480	(480)	-
Depreciation charge	-	(24,493)	(99,565)	(88)	(99,653)	(3,603)	(335)	(2,772)	-	(130,856)
Closing net book amount as at December 31	$ 399,520	$ 116,726	$ 301,703	$ -	$ 301,703	$ 8,626	$ 948	$ 10,895	$ 960	$ 839,378
At December 31										
Cost	$ 399,520	$ 734,335	$ 3,472,924	$ -	$ 3,472,924	$ 82,655	$ 8,488	$ 94,327	$ 960	$ 4,793,209
Accumulated depreciation and impairment	-	(617,609)	(3,171,221)	-	(3,171,221)	(74,029)	(7,540)	(83,432)	-	(3,953,831)
	$ 399,520	$ 116,726	$ 301,703	$ -	$ 301,703	$ 8,626	$ 948	$ 10,895	$ 960	$ 839,378

	2019									
	Land	Buildings and structures	Machinery and equipment			Transportation equipment	Office equipment	Other equipment	Unfinished construction	Total
		Owner-occupied	Owner-occupied	Lease	Subtotal	Owner-occupied	Owner-occupied	Owner-occupied		
At January 1										
Cost	$ 394,731	$ 724,304	$ 3,409,888	$ 43,163	$ 3,453,051	$ 81,156	$ 9,020	$ 89,983	$ -	$4,752,245
Accumulated depreciation and impairment	-	(566,983)	(2,977,427)	(42,874)	(3,020,301)	(67,617)	(7,373)	(77,936)	-	(3,740,210)
	$ 394,731	$ 157,321	$ 432,461	$ 289	$ 432,750	$ 13,539	$ 1,647	$ 12,047	$ -	$1,012,035
Opening net book amount as at January 1	$ 394,731	$ 157,321	$ 432,461	$ 289	$ 432,750	$ 13,539	$ 1,647	$ 12,047	$ -	$1,012,035
Additions	-	8,031	34,546	-	34,546	2,129	-	457	480	45,643
Disposals	-	-	(2,743)	-	(2,743)	-	-	-		(2,743)
Depreciation charge	-	(26,133)	(103,576)	(89)	(103,665)	(3,695)	(360)	(2,993)	-	(136,846)
Closing net book amount as at December 31	$ 394,731	$ 139,219	$ 360,688	$ 200	$ 360,888	$ 11,973	$ 1,287	$ 9,511	$ 480	$ 918,089
At December 31										
Cost	$ 394,731	$ 732,335	$ 3,439,341	$ 43,163	$ 3,482,504	$ 82,724	$ 8,616	$ 90,440	$ 480	$4,791,830
Accumulated depreciation and impairment	-	(593,116)	(3,078,653)	(42,963)	(3,121,616)	(70,751)	(7,329)	(80,929)	-	(3,873,741)
	$ 394,731	$ 139,219	$ 360,688	$ 200	$ 360,888	$ 11,973	$ 1,287	$ 9,511	$ 480	$ 918,089

A. The significant components of buildings and structures include office, nventory warehouse as well as firefighting and air conditioning equipment, which are depreciated over 30 to 60, 30 to 45 and 8 years, respectively.

B. As the land with book value of $65,638 in Wulaokeng Sec., Su'ao Township is a farmland, therefore, the title to the land is temporarily registered to a natural person. However, the Company has set the pledge of land ownership to itself in order to protect its rights.

(8) Leasing arrangements - lessee

A. The Company leases various assets including mining land. Rental contracts are typically made for periods of 4 to 9 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The leased assets may not be used as security for borrowing purposes nor the rights to be transferred to others through business transfer or combination.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land - mining land	$ 3,993	$ 6,993
Other equipment	225	-
	$ 4,218	$ 6,993

	Year ended December 31	
	2020	2019
	Depreciation charge	Depreciation charge
Land - mining land	$ 3,372	$ 3,366
Other equipment	36	-
	$ 3,408	$ 3,366

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $721 and $95, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 101	$ 161
Expense on short-term lease contracts	1,717	1,833
Expense on leases of low-value assets	65	109
Gain on lease modification	688	-
	$ 2,571	$ 2,103

E. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were $4,566 and $5,469, respectively.

F. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Leasing arrangements - lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, nor be subleased, lent, sold or granted fully or partially in any different form to the third parties.

B. For the years ended December 31, 2020 and 2019, the Company recognised rent income in the amounts of $45,363 and $44,996, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020		December 31, 2019
2021	$ 42,501	2020	$ 45,358
2022	34,311	2021	42,177
2023	743	2022	34,218
2024	557	2023	743
2025	-	2024	557
	$ 78,112		$ 123,053

(10) Investment property

	2020		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 1,198,858	$ 403,230	$ 1,602,088
Accumulated depreciation	-	(144,373)	(144,373)
	$ 1,198,858	$ 258,857	$ 1,457,715
Opening net book amount as at January 1	$ 1,198,858	$ 258,857	$ 1,457,715
Additions	-	-	-
Dispositions	-	(4,657)	(4,657)
Depreciation charge	-	(9,150)	(9,150)
Closing net book amount as at December 31	$ 1,198,858	$ 245,050	$ 1,443,908
At December 31			
Cost	$ 1,198,858	$ 381,180	$ 1,580,038
Accumulated depreciation	-	(136,130)	(136,130)
	$ 1,198,858	$ 245,050	$ 1,443,908

	2019		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 1,198,858	$ 402,902	$ 1,601,760
Accumulated depreciation	-	(135,096)	(135,096)
	$ 1,198,858	$ 267,806	$ 1,466,664
Opening net book amount as at January 1	$ 1,198,858	$ 267,806	$ 1,466,664
Additions	-	328	328
Depreciation charge	-	(9,277)	(9,277)
Closing net book amount as at December 31	$ 1,198,858	$ 258,857	$ 1,457,715
At December 31			
Cost	$ 1,198,858	$ 403,230	$ 1,602,088
Accumulated depreciation	-	(144,373)	(144,373)
	$ 1,198,858	$ 258,857	$ 1,457,715

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2020	2019
Rental income from investment property	$ 45,363	$ 44,996
Direct operating expenses arising from the investment property that generated rental income during the year	$ 19,451	$ 20,044

B. The fair value of the investment property held by the Company was $3,993,441 and $3,961,746 as of December 31, 2020 and 2019, respectively, which was based on the result of internal valuation by the management of the Company using the real estate appraisal methods and the transaction prices of similar properties nearby. The details of the valuation methods are as follows:

(a) Direct capitalisation method of income approach: The Company adjusts the factors that affect the price of the subject property through the differences due to the local factors and individual factors between the comparable properties and the subject property to obtain the reasonable rents of the subject property; and calculates the effective gross income with deduction of the related expenses, then use an appropriate capitalisation rate to obtain the income value of the subject property.

(b) The Company estimates the value of the subject property by comprehensive consideration of transaction prices from sales through agents of the neighbouring comparable properties which possess the same nature and have similar characteristics and the transaction prices of real estate from the Ministry of Interior.

C. On June 19, 2000, the Company was approved to develop certain parcels of land with book value of $673,413 in Guanxi by the Tai 89 Nei-Ying-Zi Letter No. 8983677 issued by Construction and Planning Agency Ministry of the Interior through the submitted application of 'Integrated Development and Construction Plan of Hsing Ta Guanxi Community'. However, the titles to certain parcels of land, categorised as cultivated land, were temporarily registered to natural persons and shall be subsequently registered to the Company after the parcels of land are categorised as non-cultivated land in accordance with laws as the Company signed trust deeds with each individual natural person. The Company has set the pledge of land ownership to itself in order to protect its rights.

(11) Pensions

A. (a) The Company have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 199,347)	($ 199,251)
Fair value of plan assets	158,702	46,907
Net defined benefit liability	($ 40,645)	($ 152,344)

(c) Movements in net defined benefit liabilities are as follows:

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 199,251)	$ 46,907	($ 152,344)
Current service cost	(1,983)	-	(1,983)
Interest (expense) income	(1,395)	328	(1,067)
	(202,629)	47,235	(155,394)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,383	1,383
Change in financial assumptions	(7,705)	-	(7,705)
Experience adjustments	629	-	629
	(7,076)	1,383	(5,693)
Pension fund contribution	-	120,442	120,442
Paid pension	10,358	(10,358)	-
At December 31	($ 199,347)	$ 158,702	($ 40,645)

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 225,367)	$ 27,087	($ 198,280)
Current service cost	(2,389)	-	($ 2,389)
Interest (expense) income	(2,028)	244	($ 1,784)
	(229,784)	27,331	(202,453)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	799	799
Change in financial assumptions	(3,902)	-	(3,902)
Experience adjustments	3,971	-	3,971
	69	799	868
Pension fund contribution	-	49,241	49,241
Paid pension	30,464	(30,464)	-
At December 31	($ 199,251)	$ 46,907	($ 152,344)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and HSIN I's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate

securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2020	2019
Discount rate	0.30%	0.70%
Future salary increases	1.00%	1.00%

Assumptions regarding future mortality experience are set based on future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 4,866)	$ 5,040	$ 4,487	($ 4,362)
December 31, 2019				
Effect on present value of defined benefit obligation	($ 4,860)	$ 5,039	$ 4,506	($ 4,376)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to $54,648.

(g) As of December 31, 2020, the weighted average duration of that retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 4,850
1-2 year(s)	13,875
2-5 years	31,146
Over 5 years	65,090
	$ 114,961

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and HSIN I contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were $7,618 and $7,602, respectively.

(12) Share capital

As of December 31, 2020, the Company's authorised capital was $5,400,000, consisting of 540,000 thousand shares, and the paid-in capital was $3,419,579 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. The Company's ordinary shares outstanding at the beginning and at the end of the period were both 341,958 thousand shares for the years ended December 31, 2020 and 2019,

respectively.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When setting aside special reserve or retained when necessary, the Board of Directors shall present the distribution of the remaining earnings, if any, along with prior accumulated undistributed earnings for the approval of the stockholders at the stockholders' meetings.

B. The Company's dividend policy is summarised below:
The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. If legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more, and the special reserve could be set aside or reversed in accordance with relevant laws and regulations where necessary. The Board of Directors should present the distribution including distribution ratios of the remaining earnings along with accumulated unappropriated retained earnings from prior periods for the approval of the shareholders.The dividends shall be distributed, in form of cash based on the distributable earnings for current year after reserving required funds to cooperate the long-term financial planning and investment or major capital budget planning, no less than one third of accumulated distributable earnings of the Company.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of earnings of years 2019 and 2018 as resolved by the stockholders at their meetings on June 23, 2020 and June 21, 2019 are as follows:

	Year ended December 31			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 96,367		$ 84,024	
Special reserve	113,336		76,158	
Cash dividends	376,154	$ 1.10	273,566	$ 0.80

F. The appropriation of 2020 earnings was resolved by the Board of Directors on March 30, 2021.

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 99,911	
Special reserve	(56,297)	
Cash dividends	512,937	$ 1.50

The appropriation of the 2020 earnings has not been resolved by the shareholders at their meetings and the related information will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(15) Other equity items

	2020	
	Currency translation	Total
At January 1	($ 231,848)	($ 231,848)
Currency translation differences:		
- Subsidiary	56,297	56,297
At December 31	($ 175,551)	($ 175,551)

	2019	
	Currency translation	Total
At January 1	($ 118,512)	($ 118,512)
Currency translation differences:		
- Subsidiary	(113,336)	(113,336)
At December 31	($ 231,848)	($ 231,848)

(16) Operating revenue

	Year ended December 31	
	2020	2019
Revenue from contracts with customers	$ 1,682,679	$ 1,494,579
Others - rental revenue	45,363	44,996
	$ 1,728,042	$ 1,539,575

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major product lines and geographical regions:

	Taiwan		
Year ended December 31, 2020	Cement products	Revenue from recycling and treatment	Total
Revenue from external customer contracts	$ 1,620,195	$ 62,484	$ 1,682,679
Timing of revenue recognition			
At a point in time	$ 1,620,195	$ -	$ 1,620,195
Over time	-	62,484	62,484
	$ 1,620,195	$ 62,484	$ 1,682,679

	Taiwan		
Year ended December 31, 2019	Cement products	Revenue from recycling and treatment	Total
Revenue from external customer contracts	$ 1,450,767	$ 43,812	$ 1,494,579
Timing of revenue recognition			
At a point in time	$ 1,450,767	$ -	$ 1,450,767
Over time	-	43,812	43,812
	$ 1,450,767	$ 43,812	$ 1,494,579

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities – revenue from cement sales in advance			
Sales revenue	$ 32,898	$ 36,102	$ 18,915

Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Cement sales contracts	$ 29,932	$ 10,398

(17) Interest income

	Year ended December 31	
	2020	2019
Interest income from bank deposits	$ 3,147	$ 3,713
Interest income from financial assets measured at amortised cost	951	1,329
Other interest income	3	3
	$ 4,101	$ 5,045

(18) Other income

	Year ended December 31	
	2020	2019
Dividend income	$ 15,627	$ 8,290
Other income	1,476	3,370
	$ 17,103	$ 11,660

(19) Other gains and losses

	Year ended December 31	
	2020	2019
Gains on financial assets at fair value through profit or loss	($ 565)	$ 11,522
Net foreign exchange losses	(15,017)	(13,628)
Losses on disposals of property, plant and equipment	(4,742)	(2,387)
Losses on disposals of investments	120	-
Impairment loss	-	(1,471)
Miscellaneous disbursements	688	-
	($ 19,516)	($ 5,964)

(20) Finance costs

	Year ended December 31	
	2020	2019
Interest expense:		
Lease liabilities	$ 101	$ 161
Others	-	23
	$ 101	$ 184

(21) Expenses by nature

	Year ended December 31	
	2020	2019
Change in inventory of finished goods and work in progress - raw materials and supplies used	$ 389,672	$ 449,214
Employee benefit expense	323,555	310,600
Depreciation charges on property, plant and equipment as well as investment property	140,006	146,123
Depreciation charges on right-of-use assets	3,408	3,366
Other expenses	652,110	602,270
Operating cost and operating expenses	$ 1,508,751	$ 1,511,573

(22) Employee benefit expense

	Year ended December 31	
	2020	2019
Wages and salaries	$ 226,586	$ 217,449
Labour and health insurance fees	21,638	21,922
Pension costs	10,667	11,776
Directors' remuneration	51,042	46,656
Other personnel expenses	13,622	12,797
	$ 323,555	$ 310,600

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1% to 3% for employees' compensation and shall not be higher than 5% for directors' remuneration.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at $23,405 and $21,752, respectively; while directors' remuneration was accrued at $46,812 and $43,504, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 4% of distributable profit of current year. The employees' compensation and directors' remuneration resolved by the Board of Directors were $23,405 and $46,812, and will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2020	2019
Current tax:		
Current tax on profits for the year	$ 62,047	$ 25,361
Tax on undistributed surplus earnings	18,863	26,315
Prior year income tax underestimation	(2,211)	732
Total current tax	78,699	52,408
Deferred tax:		
Origination and reversal of temporary differences	17,339	6,265
Total deferred tax	17,339	6,265
Income tax expense	$ 96,038	$ 58,673

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2020	2019
Remeasurement of defined benefit obligations	$ 1,139	($ 174)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	$ 220,014	$ 204,468
Expenses disallowed by tax regulation	135	456
Expenses surplus by tax regulation	(4,320)	(1,260)
Tax exempt income by tax regulation	(184,576)	(200,887)
Income surplus by tax regulation	97,192	57,755
Prior year income tax underestimation	(2,211)	732
Tax on undistributed earnings	18,863	26,315
Tax credit for income derived from Mainland China	(49,059)	(28,906)
Income tax expense	$ 96,038	$ 58,673

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Net sales revenue and expense	$ 2,820	$ 3,677	$ -	$ 6,497
Unrealised exchange loss	1,704	2,508	-	4,212
Unrealised gross profit from sales	26	21	-	47
Loss on inventory decline in market value	283	(53)	-	230
Impairment loss on investments	2,736	-	-	2,736
Net pension cost	36,405	(23,479)	-	12,926
Impairment loss on machinery and equipment	3,775	-	-	3,775
Unrealised expenses	13	(13)	-	-
	47,762	(17,339)	-	30,423
Deferred tax liabilities:				
Actuarial loss on defined benefit plan	(5,936)	-	1,139	(4,797)
	(5,936)	-	1,139	(4,797)
	$ 41,826	($ 17,339)	$ 1,139	$ 25,626

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Net sales revenue and expense	$ 1,830	$ 990	$ -	$ 2,820
Unrealised exchange loss	80	1,624	-	1,704
Unrealised gross profit from sales	20	6	-	26
Loss on inventory decline in market value	168	115	-	283
Impairment loss on investments	2,736	-	-	2,736
Net pension cost	45,418	(9,013)	-	36,405
Impairment loss on machinery and equipment	3,775	-	-	3,775
Unrealised expenses	-	13	-	13
	54,027	(6,265)	-	47,762
Deferred tax liabilities:				
Actuarial loss on defined benefit plan	(5,762)	-	(174)	(5,936)
	(5,762)	-	(174)	(5,936)
	$ 48,265	($ 6,265)	($ 174)	$ 41,826

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 79,109	$ 100,708

E. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,004,034	341,958	$ 2.94
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,004,034	341,958	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	1,504	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,004,034	343,462	$ 2.92

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 963,670	341,958	$ 2.82
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 963,670	341,958	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	1,394	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 963,670	343,352	$ 2.81

(25) Changes in liabilities from financing activities

	Year ended December 31, 2020		
	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 18,507	$ 7,061	$ 25,568
Changes in cash flow from financing activities	(1,205)	(2,784)	(3,989)
Changes in other non-cash items	-	46	46
At December 31	$ 17,302	$ 4,323	$ 21,625

	Year ended December 31, 2019		
	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 18,859	$ 10,264	$ 29,123
Changes in cash flow from financing activities	(352)	(3,366)	(3,718)
Changes in other non-cash items	-	163	163
At December 31	$ 18,507	$ 7,061	$ 25,568

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Hsin I Ready Mixed Concrete Co., Ltd.	The subsidiary of the Company
Soaring Power Corp. (SPC)	The subsidiary of the Company
Jiangsu Xinning New Building Materials Co., Ltd. (XN)	The second-tier subsidiary of the Company
Nanjing Xinrong New Green Materials Co., Ltd.	The third-tier subsidiary of the Company
Jiangsu Xinning New Building Materials Trading CO.,Ltd	The third-tier subsidiary of the Company
Chyn Da Freight Co., Ltd.	An entity controlled by key management personnel
Yang Tang Hai Charity Foundation	An entity controlled by key management personnel
Defu Trading Co., Ltd.	Other related party
Taiwan Ooparts Co., Ltd.	Other related party
Hiturbo Capital Co., Ltd.	Other related party
Hsing Ta Ind Co., Ltd.	Other related party
House Eco Lohas Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2020	2019
Sales of goods:		
Subsidiary	$ 142,159	$ 98,089
Sales of services:		
Subsidiary (rental services)	1,260	1,260
Other related parties (rental services)	120	193
Entities controlled by key management personnel (rental services)	24	24
	$ 143,563	$ 99,566

Goods and services are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	Year ended December 31	
	2020	2019
Purchases of services:		
Entities controlled by key management personnel (rental services)	$ 1,584	$ 1,584

Services are rendered by entities controlled by key management personnel on normal commercial terms and conditions.

C. Notes receivable

	December 31, 2020	December 31, 2019
Subsidiary	$ 34,588	$ 22,124

D. Advance sales receipts

	December 31, 2020	December 31, 2019
Subsidiary	$ 1,836	$ 1,606

E. Property transactions

Disposal of property, plant and equipment:

	December 31, 2020	
	Disposal proceeds	Gain on disposal
Other related party	$ 5,150	$ 135

F. Endorsed and guaranteed

(a) The balance of provision of endorsements and guarantees to subsidiaries for bank borrowings and constructions is shown below, please refer to Note 13(1)B. for details.

	December 31, 2020	December 31, 2019
Parent company	$ 321,176	$ 1,222,586

(b) The balance of provision of endorsements and guarantees to subsidiaries for lease of government-owned mining land is shown below, please refer to Note 13(1)B. for details.

	December 31, 2020	December 31, 2019
Parent company	$ 210,431	$ 204,885

(3) Key management compensation

	Year ended December 31	
	2020	2019
Short-term employee benefits	$ 56,122	$ 51,941
Post-employment benefits	241	146
	$ 56,363	$ 52,087

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2020	December 31, 2019	Purpose
Time deposits (shown as 'non-current financial assets at amortised cost')	$ 213,524	$ 211,858	Guarantee for mining land

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

The details of the outstanding letters of credit for raw materials imports as of December 31, 2020 are as follows:

Currency	Original currency amount (In thousands)
JPY	$ 23,000
USD	1,965
EUR	102

(2) Commitments

A. (a) On January 15, 2015, XN entered into a USD 30 million non-revolving syndicated loan agreement with 5 banks including Chinatrust Commercial Bank, Mega International Commercial Bank Co., Ltd. and E. Sun Commercial Bank, Ltd. etc. with an agreement period of 5 years from the first drawdown. The Company was the joint guarantor for the syndicated loan.

(b) The Company committed to maintain financial ratios based on the annual and the 2nd quarter 2020 consolidated financial statements as specified in the syndicated loan agreement entered by XN and 5 banks including Chinatrust Commercial Bank. The details are as follows:

i. Current ratio shall be maintained at more than 150% (inclusive).

ii. The debt ratio shall not be more than 50%.

iii. Interest coverage ratio ((income before tax + depreciation + amortisation + interest expense) / interest expense): Shall be maintained at more than 500% (inclusive).

iv. The tangible net value (stockholders' equity less intangible assets) shall be maintained at more than $5.5 billion (inclusive).

As of December 31, 2020, the Company complied with the above financial ratios.

B. Capital expenditure contracted for at the balance sheet date but not yet recognised is as follows:

	December 31, 2020	December 31, 2019
Property, plant and equipment	$ 610	$ 3,020

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Please refer to Note 6(14) for details of the appropriation of the 2020 earnings resolved by the Board of Directors on March 30, 2021.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The management reviews the Company's capital structure periodically and considers the costs and risks involved for a particular capital structure. Generally, the Company adopts a prudent risk management strategy.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 277,948	$ 316,063
Financial assets at amortised cost		
Cash and cash equivalents	$ 571,707	$ 306,766
Financial assets at amortised cost	213,524	211,858
Notes receivable	175,862	142,124
Accounts receivable	57,388	46,048
Other receivables	544	670
Guarantee deposits paid	31,318	31,483
	$ 1,050,343	$ 738,949

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ -	$ 12,848
Accounts payable	106,058	58,551
Other payables	206,028	190,113
Guarantee deposits received	17,302	18,507
	$ 329,388	$ 280,019

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central finance department (Company finance) under policies. Company finance identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Exchange rate risk

(i). The Company's businesses involve some non-functional currency operations The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 8,335	28.110	$ 234,300
SGD : NTD	71	21.662	1,541
JPY : NTD	125	0.2725	34
RMB : NTD	31,798	4.3770	139,180

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 27	30.047	$ 826
SGD : NTD	64	22.325	1,428
JPY : NTD	148	0.2765	41
RMB : NTD	31,474	4.3050	135,495

(ii). The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019, amounted to $15,016 and $13,627 respectively.

(iii). Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	5%	$ 11,715	$ -
SGD : NTD	5%	77	-
JPY : NTD	5%	2	-
RMB : NTD	5%	6,959	-

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	5%	$ 41	$ -
SGD : NTD	5%	71	-
JPY : NTD	5%	2	-
RMB : NTD	5%	6,775	-

ii. Price risk

(i). The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company. The Company is not exposed to commodity price risk.

(ii). The Company's investments in equity securities comprise domestic listed and unlisted shares. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $11,118 and $12,643, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents as well as deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

ii. Based on the customers' contract period, financial position and past experience, the default occurs when the contract payments are past due over 150 days.

iii. The Company adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

v. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. The Company has written-off financial assets that are still under recourse procedures for the years ended December 31, 2020 and 2019.

vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. For the years ended December 31, 2020 and 2019, no loss allowance for accounts receivable was recognised since the amount calculated using the simplified approach was immaterial.

(c) Liquidity risk

i. Cash flow forecasting is aggregated by Company finance. Company finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining the financial statements to meet the requirements of financial ratios, the details are provided in Note 9(2), so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

ii. Surplus cash held by the Company over and above balance required for working capital management, Company finance will invest surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2020 and 2019, the Company held money market position of $571,005 and $306,050, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 106,058	$ -	$ -	$ -	$ -
Other payables	129,661	76,367	-	-	-
Lease liability (Note)	45	3,504	497	316	25

Non-derivative financial liabilities

December 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Notes payable	$ 12,848	$ -	$ -	$ -	$ -
Accounts payable	58,551	-	-	-	-
Other payables	118,032	72,081	-	-	-
Lease liability (Note)	-	3,432	3,352	346	69

Note: It includes interests of expected future payments.

iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly differents.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The domestic unlisted stocks invested by the Company are included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable, other payables, and guarantee deposits received) are approximate to their fair values.

D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2020 and 2019 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 44,182	$ -	$ 233,766	$ 277,948

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 43,047	$ -	$ 273,016	$ 316,063

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to equity instruments without active market. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)I.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020	2019
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 273,016	$ 255,771
Gains and losses recognised in profit or loss (Note)	4,544	11,864
Proceeds from capital reduction in the period	(33,410)	-
Proceeds from liquidation in the period	(10,384)	
Transfers into Level 3	-	5,381
At December 31	$ 233,766	$ 273,016

Note: Recorded as non-operating income and expense.

G. The Company's initial shareholding ratio of TAIWAN OOPARTS CO., LTD. was 41.11%, which was recognised as investment accounted for using equity method. However, TAIWAN OOPARTS CO., LTD. reduced capital to offset losses on May 19, 2019, and increased capital by issuing shares on May 20, 2019. The Company did not participate in the capital increase, the shareholding ratio decreased to 18.68% so that the Company lost significant influence over it. Hence, the Company remeasured the investment retained in TAIWAN OOPARTS CO., LTD. at its fair value and transferred it into Level 3.

H. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 187,778	Market comparable companies	Price to earnings ratio multiple	9.06~63.60	The higher the multiple, the higher the fair value
			Price to book ratio multiple	0.90~2.42	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	45,988	Net asset value	Net asset value	N/A	The higher the net asset value, the higher the fair value
			Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 174,338	Market comparable companies	Price to earnings ratio multiple	10.41 ~ 52.62	The higher the multiple, the higher the fair value
			Price to book ratio multiple	0.89~2.51	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	98,678	Net asset value	Net asset value	N/A	The higher the net asset value, the higher the fair value
			Discount for lack of marketability	0%~10%	The higher the discount for lack of marketability, the lower the fair value

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable Change	Unfavourable Change	Favourable Change	Unfavourable Change
Financial assets						
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability and net asset value	±1%	$ 2,338	($ 2,338)	$ -	$ -

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable Change	Unfavourable Change	Favourable Change	Unfavourable Change
Financial assets						
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability and net asset value	±1%	$ 2,730	($ 2,730)	$ -	$ -

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table: 6.

14. Segment Information

Not applicable.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company(%)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Hsing Ta Cement Co., Ltd.	HSIN I READY MIXED CONCRETE	2	3,748,933	321,176	321,176	321,176	-	4.28	7,497,866	Y	N	N	
1	Hsin I Ready Mixed Concrete Co., Ltd.	Hsing Ta Cement Co., Ltd.	4	346,851	210,431	210,431	210,431	-	48.54	433,564	N	Y	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Under the Company's "Procedures for Provision of Endorsements and Guarantees", the Company's total guarantees and endorsements to others should not exceed the Company's net asset value based on the latest financial statements, and total guarantees and endorsements provided for a single party should not exceed 50% of the Company's net asset value based on the latest financial statements. The calculation is shown below:

(1) $7,497,866 (the net asset value on the 2020 Q4 financial statements) × 50% = $3,748,933.

(2) $7,497,866 (the net asset value on the 2020 Q4 financial statements) × 100% = $7,497,866.

Under the subsidiary, HSIN I READY MIXED CONCRETE CO., LTD.'s "Procedures for Provision of Endorsements and Guarantees", this company's total guarantees and endorsements to others should not exceed its net asset value based on the latest financial statements, and total guarantees and endorsements provided for a single party should not exceed 80% of its net asset value based on the latest financial statements. The calculation is shown below:

(3) $433,564 (the net asset value on the 2020 Q4 financial statements) × 80% = $346,851.

(4) $433,564 (the net asset value on the 2020 Q4 financial statements) × 100% = $433,564.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020				Footnote (Note 4)
				Number of shares or units (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Hsing Ta Cement Co., Ltd.	China Steel Corporation		Current financial assets at fair value through profit or loss	1,698	$ 42,026		$ 42,026	
	Hotung Investment Holdings Limited		〃	60	2,156		2,156	
Jiangsu Xinning New Building Materials Co., Ltd.	BenliFeng Bubugao Financial Products		〃	-	240,735		240,735	
	Bank Of Communication Structured Deposits		〃	-	43,770		43,770	
	Bank Of Hangzhou Structured Deposits		〃	-	43,770		43,770	
	China Merchants Bank Certificates Of Deposit		〃	-	569,010		569,010	
	SPD Bank Certificates Of Deposit		〃	-	131,310		131,310	
Nanjing Xinrong New Green Materials Co., Ltd.	BenliFeng Bubugao Financial Products		〃	-	53,618		53,618	
					$ 1,126,395		$ 1,126,395	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020				Footnote (Note 4)
				Number of shares or units (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Hsing Ta Cement Co., Ltd.	Chin Ta Construction Co., Ltd.		Non-current financial assets at fair value through profit or loss	5,200	$ 39,920	19.90	$ 39,920	
	Taiwan Ooparts Co., Ltd.	Other related party	〃	538	4,387	18.68	$ 4,387	
	Taian Insurance Co ,ltd		〃	365	5,258	0.12	5,258	
	Pershing Technology Services Corporation		〃	2,326	72,379	8.73	72,379	
	Fujitec Taiwan Co., Ltd.		〃	70	14,486	2.33	14,486	
	Global Securities Finance Corporation		〃	163	1,680	0.88	1,680	
	Da Chiang International Co., Ltd.		〃	3,448	89,959	1.72	89,959	
	Kemitek Industrial Corp.		〃	167	5,697	0.24	5,697	
	Power Digital Card Co., Ltd.		〃	796	-	1.70	-	
	Amcom Communications,inc. (Preferred Stock B)		〃	520	-	11.15	-	
	Amcom Communications,inc. (Preferred Stock C)		〃	189	-	9.70	-	
					$ 233,766		$ 233,766	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Hsing Ta Cement Co., Ltd.	HSIN I READY MIXED CONCRETE CO., LTD.	1	Sales revenue	$ 142,159	Note 4	1.87
0	Hsing Ta Cement Co., Ltd.	HSIN I READY MIXED CONCRETE CO., LTD.	1	Rent income	1,260	Note 5	0.01
0	Hsing Ta Cement Co., Ltd.	HSIN I READY MIXED CONCRETE CO., LTD.	1	Notes receivable	34,588	Note 4	0.29
0	Hsing Ta Cement Co., Ltd.	HSIN I READY MIXED CONCRETE CO., LTD.	1	Advance sales receipts	1,836	-	0.02
1	Nanjing Xinrong New Green Materials Co., Ltd.	Jiangsu Xinning New Building Materials Co., Ltd.	3	Sales revenue	10,335	Note 4	0.14
1	Nanjing Xinrong New Green Materials Co., Ltd.	Jiangsu Xinning New Building Materials Co., Ltd.	3	Accounts receivable	4,421	Note 4	0.04
1	Nanjing Xinrong New Green Materials Co., Ltd.	Jiangsu Xinning New Building Materials Co., Ltd.	3	Notes receivable	2,483	Note 4	0.02

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: The rental charged and the payment terms agreed are available to third parties.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Information on investees

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income(loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares (In thousands)	Ownership (%)	Book value	(Note 2(2))	(Note 2(3))	
Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	Taipei city	Manufacturing and sales of concrete	$ 60,720	$ 60,720	6,072	55.20	$ 239,090	$ 56,671	$ 31,282	Subsidiaries
	Synergy Development Co., Ltd	〃	Agency service of real estates, etc.	58,800	58,800	5,880	98.00	63,382	256	251	〃
	Soaring Power Corp.	Virgin Islands	Overseas investment	1,488,493	1,488,493	46,587	66.67	3,565,541	1,271,585	847,766	〃

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2020' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2020' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 3(2)B)	Book value of investments in Mainland China as of December 31 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Jiangsu Xinning New Building Materials Co., Ltd.	Manufacturing of new building materials, new special cement clinker, various silicate cement and new special cement, mineral powder, stone, commercial concrete and cement products; recycling and wholesale of recycled materials; treatment and recycling of sewage; treatment of solid waste; construction of interior and exterior decoration; sales of self-produced products and provide related supporting services; import and export business of self- management and agent of various goods and techniques (goods and techniques that are restricted to operate and prohibited to import and export by the country are excluded)	$ 2,385,679 USD 74,880 (Note 1)	2 (Soaring Power Corp.)	$ 1,487,098 USD 46,587	$ -	$ -	$ 1,487,098 USD 46,587	$ 1,388,063	66.67%	$ 925,422	$ 3,558,287	$ 927,650	
Nanjing Xinrong New Green Materials Co., Ltd.	Research and development of new environmental protection materials, technology promotion services; development and service of energy conservation and environmental protection technology; manufacturing of special equipment for environmental protection; promotion services of environmental protection technologies and energy conservation technologies; manufacturing and wholesale of non-metallic ore and products; wholesale of chemical products (excluding hazardous chemicals); fine processing of non-metallic ore	146,764 CNY 33,424	3 (Jiangsu Xinning New Building Materials Co., Ltd.)	-	-	-	-	(9,251)	35.15%	(3,252)	45,402	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hsing Ta Cement Co., Ltd.	$ 1,487,098 USD 46,587	$ 1,590,532 USD 49,920	$ 5,724,609

Note 1: It includes capitalisation of earnings amounting to USD 5,000 with amount of USD 5,000×66.67%=USD 3,333.5 approved by MOEA.

Note 2: Investment methods are classified into the following four categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China：Soaring Power Corp.

(3) Reinvestments through an existing company in Mainland China approved by MOEA: According to the regulation of MOEA, the Company needs no approval from MOEA for reinvestments through an existing company in Mainland China, thus, those investment amounts are not included in the ceiling on investments.

(4) Others.

Note 3: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.

C.Others.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2020

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
YANG CHUNG-HSIUNG	41,528,048	12.14%
YANG REN-HSIUNG	36,108,783	10.55%
YANG JEE SHING	34,426,166	10.06%
HU MEI-HONG	20,668,448	6.04%

HSING TA CEMENT CO.,LTD and subsidiaries

The statement of the consolidated financial statements of affiliated enterprises

The entities required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2020 under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with IFRS No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed according to the Criteria is included in the consolidated financial statements prepared in conformity with IFRS No. 10. Consequently, The Company and affiliates do not prepare a separate set of consolidated financial statements.

Hereby declare

Company name: HSING TA CEMENT CO., LTD and subsidiaries

Responsible person: Jeeshing Yang

March 30, 2021

VI. If the Company or its affiliates have experienced financial difficulties in the most recent year or during the current year up to the date of publication of the annual report, their effects on the Company's financial status should be described: None.

Seven. Review and analysis of financial status and financial performance and risks

I. Financial Status

Unit: Thousand $NT

Item \ Year	2020	2019	Increase (decrease) amount	Change %	Note
Current assets	6,572,996	5,683,105	889,891	15.66	(Note 1)
Property, plant, and equipment	2,928,658	3,093,153	(164,495)	(5.32)	-
Intangible assets	49,460	51,243	(1,783)	(3.48)	-
Other assets	2,259,939	2,363,793	(103,854)	(4.39)	-
Total assets	11,811,053	11,191,294	619,759	5.54	-
Current liabilities	2,162,621	2,256,725	(94,104)	(4.17)	
Non-current liabilities	107,416	304,447	(197,031)	(64.72)	(Note 2)
Total liabilities	2,270,037	2,561,172	(291,135)	(11.37)	-
Equity attributable to shareholders of the parent	7,497,866	6,818,517	679,349	9.96	-
Capital stock	3,419,579	3,419,579	0	0.00	-
Capital surplus	22,651	22,551	100	0.44	-
Retained earnings	4,231,187	3,608,235	622,952	17.26	-
Other equity	(175,551)	(231,848)	56,297	(24.28)	(Note 3)
Non-controlling interests	2,043,150	1,811,605	231,545	12.78	-
Total equity	9,541,016	8,630,122	910,894	10.55	-

Analysis and explanation of changes in the increase or decrease percentage in the most recent 2 years

(Note 1) The increase in current assets in 2020 was mainly due to an increase in cash and cash equivalent in 2020.

(Note 2) The decrease in non-current liabilities in 2020 was mainly due to a decrease in net defined benefit liabilities.

(Note 3) The increase in other equity in 2020 was mainly due to an increase in the gains from exchange differences on translation of foreign financial statements.

II. Financial performance

Unit: Thousand $NT

Item \ Year	2020	2019	Increase (decrease) amount	Change %	Note
Operating revenues	7,593,294	7,822,895	(229,601)	(2.93)	
Operating gross margin	2,609,782	2,604,455	5,327	0.20	
Operating profits	2,102,359	2,066,501	35,858	1.74	
Non-operating income and expense	16,072	22,191	(6,119)	(27.57)	(Note 1)
Net profits before tax	2,118,431	2,088,692	29,739	1.42	
Net profits for the period	1,448,873	1,458,617	(9,744)	(0.67)	
Other comprehensive income	80,293	(171,537)	251,830	146.81	(Note 2)
Total comprehensive income for the period	1,529,166	1,287,080	242,086	18.81	
Net profits attributable to shareholders of the parent	1,004,034	963,670	40,364	4.19	
Net profits attributable to non-controlling interests	444,839	494,947	(50,108)	(10.12)	
Comprehensive income attributable to shareholders of the parent	1,055,403	849,783	205,620	24.20	
Comprehensive income attributable to non-controlling interests	473,763	437,297	36,466	8.34	
Earnings per share (Unit: NT$)	2.94	2.82	0.12	4.26	

Analysis and explanation of changes in the increase or decrease percentage in the most recent 2 years
(Note 1)Due to an increase in foreign currency exchange losses in 2020.
(Note 2)Mainly due to an increase in gains from exchange differences on translation of foreign financial statements of subsidiaries in China in 2020.

III. Cash Flow

Cash flow analysis

Unit: Thousand $NT

(I) Analysis of change in cash flow in the most recent year:					
Cash balance, beginning of period	Net cash inflow from operating activities during the year	Cash outflow for the year	Cash balance	Remedies for cash shortfall	
				Investment plan	Financing plan
874,572	2,147,630	(745,690)	2,276,512	-	-

Analysis and explanation of change in cash flow in the most recent year:

1. Increase in cash inflow from operating activities compared with the prior period: Due to a decrease in accounts receivable.
2. Increase in cash inflow from investing activities compared with the prior period: Due to an increase in disposal of financial assets and a decrease in capital expenditures.
3. Increase in cash outflow from financing activities compared with the prior period: Due to an increase in the cash dividends paid out.

(II) Analysis of change in cash flow in the coming year					
Cash balance, beginning of period	Net cash inflow from operating activities during the year	Annual cash outflow	Cash balance	Remedies for cash shortfall	
				Investment plan	Financing plan
2,276,512	970,637	(1,447,149)	1,800,000	-	-

Analysis and explanation of change in cash flow in the coming year

1. Net cash inflow from operating activities: The Company's profit-making undertakings.
2. Cash outflow from investing activities: Purchase of fixed assets, construction of plant and equipment, and increase in financial assets.
3. Cash outflow from financing activities: Due to the cash dividends paid out.

IV. Effect of major capital expenditures on finance and business matters in the most recent year.

(I) Major capital expenditures and source of fund

Unit: Thousand $NT

Item		Source of fund	2020 expenditure	Utilization of capital 2021 estimate
Taiwan	steel wire rope	Self-funding	13,041	-
	Land in Su-ao	Self-funding	4,789	-
	Mine road subgrade repair and maintenance project	Self-funding	4,156	-
	Process equipment renovation and improvement project	Self-funding	4,100	3,598
Mainland	Modification of electric field of electric dust collectors 2 and 3 for clinker	Self-funding	7,535	-
	SNCR modification for highly efficient denitrification	Self-funding	19,266	-
	Sewage treatment system modification	Self-funding	9,933	-

The Group’s capital expenditure in 2020 was implemented by way of self funding in accordance with the budget plan and has no impact on the Group’s finance and business matters.

Item		Source of fund	2020 expenditure	Utilization of capital
				2021 estimate
	Asphalt paving work and drain project on the east side of the road	Self-funding	8,627	-
	Road reconstruction along the mine	Self-funding	18,225	-

Impact on business from expected potential benefits

1. Green manufacturing, energy saving and carbon reduction are introduced into cement production to be in line with the government's environmental protection regulations.
2. Protecting the environment of mines, carrying out ecological environmental governance with plant as the main focus (plant restoration) in mines from the economic structure, industrial layout, comprehensive planning, renovation and management of mines, promoting safe mining and planting and greening of mines, improving and restoring environmental quality, achieving environmental friendliness, and promoting harmony between the environment and economic and social development are of great significance to sustainable development and fulfilling corporate social responsibilities.

V. Reinvestment policy for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year.

(I) Reinvestment policy for the most recent year:

The Company makes reinvestments based on its long-term strategy with business diversification to generate profit margins. The relevant units provide professional investment plans by evaluating future prospects, market profile, competitiveness, market share, business strategy, competition analysis, and current industry status of investment projects, etc., so that the management can judge and analyze the pros and cons of various investment projects when making the investment decisions, evaluate each investment project, and select feasible investment projects. In recent years, Mainland subsidiaries have remained the pivot of the Company's reinvestment.

(II) Main reasons for profit or loss, improvement plan

The existing reinvestment is mainly in Jiangsu Xinning New Building Materials Co., Ltd in the Nanjing area of the Mainland. is currently the key reinvestment. Due to the supply reforms in the cement market in Mainland China in the past two years, low-efficiency production lines have been eliminated and PC32.5 low-end cement has been

banned in some areas, coupled with the implementation of staggered peak production by cement plants, mandatory environmental protection production restrictions, and the self-regulatory control of industrial new capacity, the supply of cement has been suppressed and the price of cement has remained high. In addition, the local government has accelerated the progress of infrastructure projects in order to stimulate the economy, so the demand for the cement increased, and the production capacity of the plants in China was almost full. The revenues and profits of subsidiaries in China were outstanding and the investees in China are the sources of the Company's main future profits.

The investment income of NT$879,299,000 in 2020 recognized in accordance with the equity method for long-term investments mainly came from the profit of the Mainland subsidiary Xinning.

(III) Future investment plan

1. Taiwan

(1). Continue to carry out the long-term plan for the activation and development of the Guanxi land.

(2). The Company has worked with CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. for joint construction and allocation of housing units on the land located at No. 602-1 and No. 603, Section 2, Section 2, Zhongzheng District, Taipei City.and it is estimated the current value of the land intended for the project is about NT$450 million. This project is still underway.

2. Mainland

To cooperate with the local government, Jiangsu Xinning established a wholly-owned investee Jiangsu Xinning New Building Materials with a registered capital of CNY 20 million to engage in the sale of cement products produced by the parent company Jiangsu Xinning. The establishment is expected to be completed by the end of December and to start operations in 2021.

VI. Risks

(I) The impact of the changes in interest rate and exchange rate, and inflation on the Company’s profitability and future corresponding measures:

1. Interest rate changes: The Company's interest rate risk mainly comes from the loan in U.S. dollars. Because of the debt with floating interest rates, changes in market interest rates will cause fluctuations in the cash flow. The loan in U.S. dollars has been repaid in February 2020, and the Company currently has no bank

loan, so the interest rate changes have little impact on the Company’s profit or loss.

2. Exchange rate changes: The Group is a transnational business, so it is subject to exchange rate risks arising from exchanges different from functional currencies between the Company and its subsidiaries, mainly USD and CNY. The Company's products are all for domestic sales so there is no exchange problem in terms of revenues. Some imported raw materials are mainly paid in USD, and any significant fluctuations in the USD exchange rate will have an impact on the Company's financial status. The Company adjusts its USD stocks in accordance with changes in market exchange rates, and carry out spot foreign exchange transactions in a timely manner to reduce exchange risks. However, as exchange gains and losses are still subject to exchange rate fluctuations of USD and CNY, the Company will continue to monitor changes in market exchange rates in order to be able to respond in a timely manner. Exchange loss this year was NT$35,551,000, accounting for 0.47% of revenues and 2.45% of net profits after tax. Exchange rate changes have limited impact on the Company’s operations.
3. Inflation: With the international economy affected by the pandemic, the 2020 annual average consumer price index (CPI) issued by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, decreased by 0.23% year on year, hitting a record low in the past five years. Looking ahead to the following year, the CPI expects that the CPI will rise moderately, and the inflation rate is still at a relatively low level, so there is no concern about inflation for the time being with limited impact on profit or loss.
4. Future countermeasures: For foreign currency deposits and borrowings, in addition to coordinating the effective allocation of various funds, pay close attention to information related to economic and financial changes, strengthen the training of financial personnel to analyze the sensitivity of changes in interest rates and exchange rates, and keep abreast of global Business outlook to effectively manage changes in interest rates and exchange rates.

   The Company's risk management is carried out by the Finance and Accounting Department in accordance with its policies. It is responsible for identifying, evaluating and hedging financial risks by working closely with various operating units within the Group. The Company has set out written principles for overall risk management, and also provides written execution policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of remaining liquidity.

(II) Policies on high-risk, highly-leveraged investments, lending funds others, endorsement and guarantee, and derivatives transactions, main reasons for gain or loss, and future corresponding measures:

1. The Company's financial operations are based on the principle of conservatism and stability, and there are no high-risk, high-leverage investments.
2. Currently, the Company has not lent any funds to others, and the counterparties of the endorsements/ guarantees are all subsidiaries, and the balance of the endorsements/guarantees was both NT$321,176,000 as of December 31, 2020 and March 31, 2021. In addition to strengthening the supervision of subsidiaries, the Company complies with the relevant laws and regulations of the Financial Supervisory Commission and the Company's "Operating Procedures for Lending Funds to Others" and "Operating Procedures for Endorsement and Guarantee" in order to reduce the risk of lending funds and guarantees. Currently, subsidiaries are in normal financial condition and are contributing to the Company's non-operating income without making losses.
3. The Company is not currently engaged in derivative transactions.
4. The Company follows the "Operating Procedures for Lending Funds to Others" and "Operating Procedures for Endorsement and Guarantee" established in accordance with the Company Act to handle the relevant matters, and has set up a memorandum book for regular review of each transaction to manage transaction risks.

(III) Future R&D plans and the estimated expenses:

The Company will continue to improve operation rate, save energy and reduce waste, invest in reuse and evaluation of environmental protection equipment, increase the production of low temperature cement, and develop the market for dry mix cement sand, and expects to invest approximately NT$66,360,000 in R&D in the future.

Item	Effectiveness
Modification of internal and external fans of coal pipe	1. Fan power consumption is reduced by 20%, saving energy. 2. Fan noise is reduced by 15db.
Adjustment of rotary kiln	Replacement with new type of base plate with adjustable wheel belt.
Modification of raw meal circulation fan	Fan power consumption is reduced by 20%, saving energy and reducing the power consumption of the raw meal processing.
Modification of high temperature fan	The unit consumption of the fan is reduced from the current 7kwh/ton clinker to 5kwh/ton clinker.

Item	Effectiveness
SNCR modification for highly efficient denitrification	The ammonia consumption was reduced by 20%, from 1250L/h to 1000L/h, on the existing system, so around 1615 tons of ammonia was saved annually.
Modification of flap valves C2 and C3 of preheater	Improvement to the air lock of the blanking pipe to reduce leakage and heat consumption.
Desulfurization system modification	Adoption of new technology (clink and raw meal, high-efficiency desulfurizer) to reduce SO2 emissions and ammonia consumption.
Modification of the grate bed, grate plate, and fan in the high temperature section of the grate cooler	Improvement to the rapid cooling of clinker to increase the secondary and third-time wind warmth and to reduce heat consumption.
Modification of cement grinding powder admixture equipment 1# and cement silo jacking chute	Ensuring the normal production of PII52.5 cement by the 1# cement mill.
Modification of water pumps in clean water tanks and recirculating water tanks	Water pump's power consumption reduced by 20%, saving energy with low maintenance costs.
Estimated total R&D expenses	NT$66,360 thousand

(IV) The impact of important domestic and foreign policy and legal changes on the Company's finance and business and corresponding measures

In response to the amendments to important policies and relevant laws, including corporate governance, the Company Act, and the Securities and Exchange Act by competent authorities, countermeasures are taken:

1. The Company plans to engage a corporate governance officer in 2021 in response to the new edition of the Corporate Governance Blueprint of the Financial Supervisory Commission.
2. As the Mainland government has become more stringent in the cement industry's nitrogen oxide emission standards, winter stagger peak production requirements, and exhaust gas emission standards, Companies are required to follow changes in the reduction of the total emissions of major air pollutants, increase the speed to government's requests, and strengthen the implementation of relevant controls, Subsidiary Jiangsu Xinning has formulated various management and control plans in response to the requirements of the local government, imposed stricter emission indicators than the local standards, optimized internal control process to improve work results and efficiency, monitored carbon emission data of the cement plant, controlled and enforced emission reductions, and invested a considerable amount of money in the construction of pollution prevention equipment, technological modification, and industrial upgrades so as to improve the environmental protection functions of equipment and technology, so as to respond to stricter

environmental protection policy requirements at any time

Impact on financial business:

To cooperate with the government’s measures and policies, operating costs have increased year by year, but it can create positive effects for the Company as it helps enhance the overall corporate image.

(V) The impact of important changes in technology or industry on the Company's finance and business and corresponding measures:

1. Changes in technology

With the changes in the industry and the development of digital technology, the plants in China has accelerated the development of smart cement plants. From raw material supply, production, sales to transportation, the entire production line is managed through program control and delicacy management, and financial operations have been managed using digital technology. With the national development of information, digitalization and 5G communication, the Company is gradually completing the foundation of smart plant development to improve efficiency, reduce costs, and produce products with highest quality recognized by clients while continuing to explore the potential of energy conservation and consumption reduction to produce low-carbon products. The Company will continue to pursue new technologies to reach new heights while cultivating and enhancing the business capabilities of the operating team to respond to changes in the times so as to enhance competitive advantages and corporate productivity and competitiveness.

2. Industrial changes:

The cement manufacturing industry is a highly capital-intensive, highly energy-consuming traditional industry, and is also a very important basic industry for people's livelihood, so it still needs to maintain a stable production capacity. Under the conflict between environmental conservation and industrial development, introduce green manufacturing process for energy saving and carbon reduction, and completely capture, recycle and reuse pollutants generated in the manufacturing process. The high-temperature combustion of cement rotary kilns can be used by other industries to convert wastes into resource for reuse, and the waste treatment fees will become an important income, creating a circular economy and demonstrating the contribution of cement manufacturing to the environment to achieve sustainable development. It requires the government and enterprises to invest capital and manpower in research and development, and to relax the regulations on waste disposal in

order to promote the continuous improvement of the overall industry, and to produce cement alternative in compliance with the Mining Act, so as to achieve a good balance between environmental protection and industrial development.

(VI) The impact of change in corporate image on corporate crisis management and corresponding measures

The Company always adopts the management principle of conservatism and stability, and established a friendly and long-term interactive relationship with the mass society; maintains the Company's official website with the latest information about the Company's operating status in real time, as an interactive communication channel with the investing public, regularly holds shareholder meetings and corporate briefings to increase financial transparency, actively participate in public welfare activities in the community, cooperate with the policy of energy saving, emission reduction and circular economy, strengthen planting and greening, places emphasis on environmental protection, fulfill our social responsibility, and establish a good corporate image. There are dedicated personnel to handle and respond to different kinds of unexpected emergencies.

(VII) Expected benefits and possible risks of mergers and acquisitions and corresponding measures

The Company currently has no merger and acquisition plans; if there is a suitable M&A option, it will make a reasonableness evaluation by analyzing the investment benefits and costs and related possible risks and rewards, and envisioning the corresponding measures to address the related risks.

(VIII) Expected benefits and possible risks of plant expansion and corresponding measures:

The Company currently has no plan for plant expansion.

(IX) Risks of concentrations of purchases or sales and corresponding measures:

1. Purchases: In order to gain price advantage and ensure stable quality, the Company adopts a rather concentrated purchasing method for some bulk raw materials. However, in order to reduce the risk of sudden supply interruption, in addition to maintaining safety stocks, it also has friendly contacts and regular transactions with other manufacturers.
2. Sales: The Company currently has no risk of over-concentration in the proportion of sales from any single customer and has established long-term and stable cooperative relationships with customers. Combining the competitive advantages of these customers with those of the Company can ensure the Company's long-term stable growth, and diversifying customer base can help

achieve the purpose of diversifying risks and reducing the significant impact of a single or a small number of customers on the Company.

(X) Where the Company’s directors or major shareholders holding more than 10% of the Company’s shares transfer or replace their shares in a large quantity, it may cause changes in the management rights, and investors may have concerns about the Company’s operating conditions, which may result in fluctuation in the Company’s market prices of securities. The transfer of equity by the Company's insiders is filed as per the relevant regulations of the competent authority, and there was no massive transfer of equity this year.

(XI) The structure of the Company’s major shareholders is stable. In the future operating performance, in the case of the changes in the Company’s Chairman or senior executives because of the changes in management rights, if the Company fails to recruit suitable successors, it may have an adverse impact on its operations. In the case of the personnel changes above, the Company will strive to recruit adequate candidates who can identify with the Company's corporate culture to put into practice its business objectives in order to respond to the risk of changes in management rights. At present, the Company's business strategy, business policy, and Board of Directors are operating well without major changes in management rights, and there should be no concern about the risk.

(XII) The impact on the Company and risks of change in management rights and corresponding measures:

The structure of the Company's major shareholders is stable and the Company's business strategy, business policy, and Board of Directors are operating well without major changes in management rights, and there should be no concern about the risk.

(XIII) Litigation or non-litigation events (if the Company, its directors, supervisors, general managers, de facto persons in charge, major shareholders with more than 10% stake, or subordinate companies have been convicted by final and binding judgments or are still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved and the handling of the case as of the date of publication of the annual report shall be disclosed): None.

(XIV) Other major risks and corresponding measures:

1. Organizational structure of risk management

Part-time risk management unit	Function
Remuneration Committee	subordinate to the Board of Directors. According to the Remuneration Committee Charter, formulate and regularly evaluate the performance and remuneration system and standards for directors and managerial officers.
Audit Committee	subordinate to the Board of Directors. The main responsibilities as per the Audit Committee Charter are to supervise: 1. Appropriate expression of the Company's financial statements. 2. The appointment (dismissal), independence and performance of attesting CPA. 3. Effective implementation of internal control. 4. Compliance with the relevant laws and regulations. 5. Management and control of the Company's existing or potential risks.
Audit department	Responsible for promoting and revising the internal control systems, evaluating the potential risks of each unit’s business, and preparing and implementing risk management-oriented annual audit plans.
Finance and accounting department	Responsible for financial operation strategy, investment strategy, financing strategy and dividend strategy, budget control management, account handling and tax planning to ensure the reliability and transparency of financial reporting and compliance with relevant laws and regulations in order to reduce operational risks of the Company.
Business department	Responsible for marketing strategy, customer credit and understanding of market trends and striving for the achievement of operational objectives and reduction in business risks.
Safety and Health Management Office	Formulate an occupational safety and health management plan and guide its implementation by the relevant departments. Responsible for the identification, evaluation and control of work environment or operation hazards, the formulation of safety and health operation standards and the monitoring of the working environment to reduce plant hazards and employee safety risks.
Administration Department	Responsible for purchasing and contracting, and establishing a hedging mechanism for price changes and insufficient supply of raw materials to reduce the risk of purchasing operations.

2. Information security management

(1). Information security management framework

A. The goal of information security

Establish a safe and reliable computerized operating environment to ensure the security of company data, systems, equipment, and networks to protect the Company's interests and all units’ sustainable operations of the information systems.

B. Information security management measures

To strengthen the Company's internal information security management, that is, to ensure the confidentiality, integrity, and availability of information, with and cyber security, the Company has formulated the Computer Operations Management Regulations to regulate the security maintenance of information and data. The Company has established a management system for the access, generation, use and storage of

various IT data, and regulated the behaviors concerning information security that employees must follow when using computer information systems for business purposes. The Company protects information assets from improper use, leakage, tampering, destruction to ensure the security of information collection, processing, transmission, storage, and circulation.

C. The scope of information security

- Personnel management and information security information promotion.
- Computer system security management.
- Cyber security management.
- Email data security management.
- System access control.
- System development and maintenance security management.
- Physical and environmental security management.
- Information security audit.

(2). Information security management plan

A. Information security specific plan

- Establish firewall settings and connection rules.
- Use anti-virus software to reduce the chance of computer virus infection.
- Email security control to prevent unsure email and spam.
- Data backup: Daily data backup and remote storage to ensure data security.
- Data recovery: At least one data recovery drill is organized a year to ensure the effectiveness of backup procedures and data so as to prevent the risks when disasters occur, and to ensure the smooth connection of all information systems.

B. Information security audit and review

- The Company conducts one "Information Security Audit" and two "Information System Internal Control Self-Assessment" each year by external parties and internal auditors.
- Review reports on internal information application systems, office automation, network information and information security protection measures are presented in management meetings from time to time, and provide tools related to operation, management and decision-making to reduce information security and to manage

such risks.

3. The impact of climate change on production management and countermeasures

(1) The impact of climate change on production management:

Climate change is a global crisis of concern, and this issue will also impact everyone's life. Global carbon risks may lead to rising oil and electricity prices, increase in the manufacturing and transportation costs, stricter energy taxes, carbon taxes, and environmental protection laws, and additional investment costs, which have a direct economic and operational impact on enterprises.

(2) Countermeasures:

To alleviate the impact of climate change, we have actively adopted countermeasures. The Company has also considered such issues in the production and operations and set stage-based environmental targets at various to meet increasingly stringent national environmental emissions standards and to mitigate the impact of greenhouse gas emissions on global warming, with the aim of contributing a share to improve this global crisis.

A. Improve production efficiency to reduce unit product electricity consumption and heat value, and it is expected to reduce coal consumption and carbon dioxide emissions.

B. Avoid greenhouse gases that are generated due to the large amount of fuel required for long-distance transportation through local and short-distance procurement of raw materials and supplies.

C. Seek a variety of possible resources and materials for reuse to replace natural resources and reduce the fuel and electricity consumption for mining of raw materials.

D. Plan to develop green energy and select excellent companies to build a solar power system at the existing buildings and vacant land of the plant.

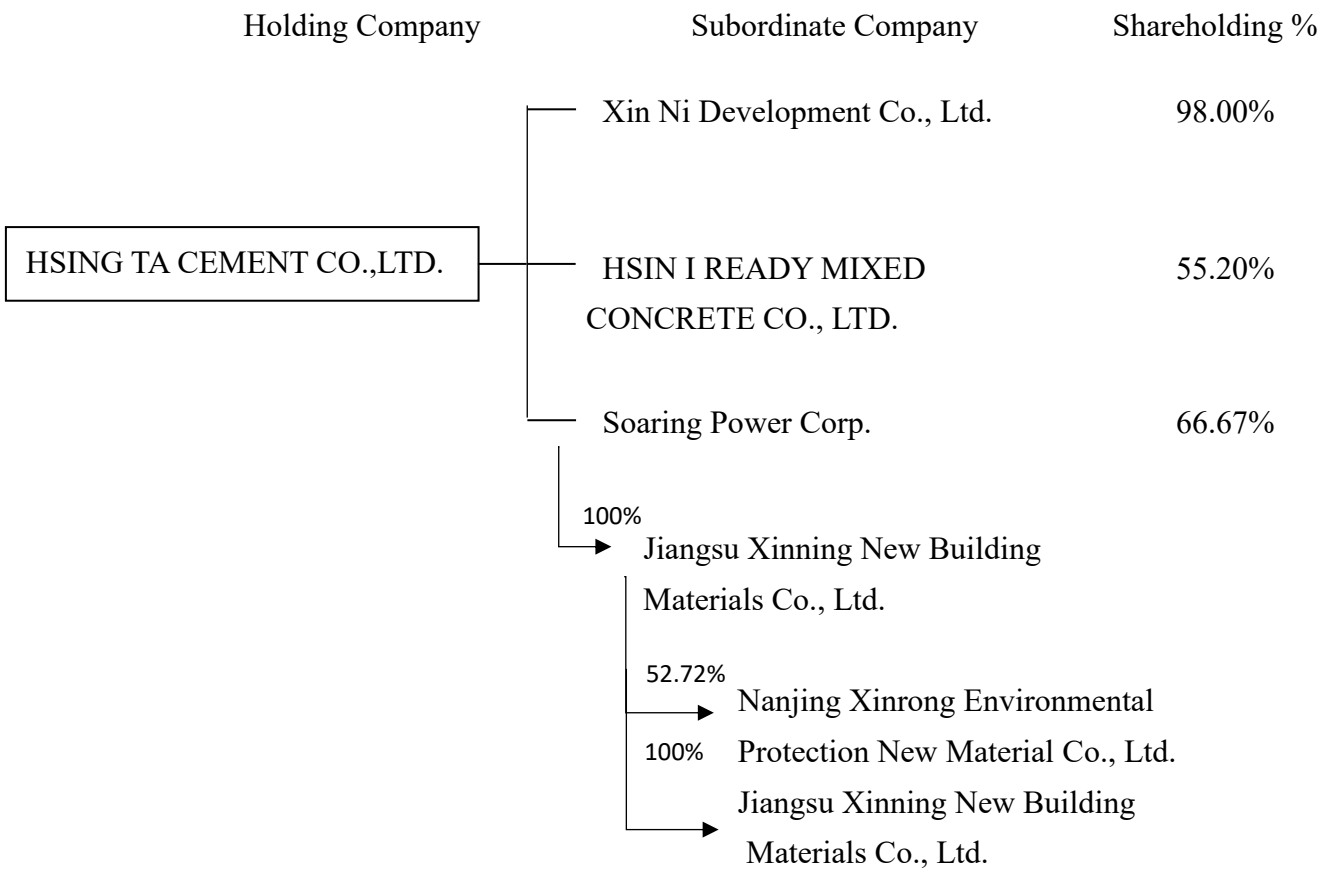
VII. Other important matters:

The Company was affected by the covid-19 pandemic in the first quarter of 2020. The subsidiary Jiangsu Xinning New Building Materials Co., Ltd. in cooperation with the provincial government of Jiangsu, China, delayed work resumption, which affected the Company's revenues and profits in the first quarter of 2020. However, with the epidemic slowing down, shipments from China are gradually returning to normal, and revenues and profits have gradually recovered.

Eight. Special Matters

I. Information on the Company's Affiliates

(I) Organization Chart of Affiliated Enterprises



(II) Basic information on each affiliated enterprise

Unit: NT$ (USD)

Enterprise Name	Date of Incorporation	Address	Paid-in capital	Major business and production items
HSING TA CEMENT CO.,LTD.	1964.03.15	7F., No. 37, Baoqing Rd., Taipei City	$ 3,419,579	Mining, processing, warehousing and distribution of quarries, general waste disposal, real estate trading and leasing, and building management consulting.
Xin Ni Development Co., Ltd.	1974.06.10	8F., No. 37, Baoqing Rd., Taipei City	60,000	Intermediary business of house rental and sale, etc.
Hsin I Ready Mixed Concrete Co., Ltd.	1990.02.09	8F., No. 37, Baoqing Rd., Taipei City	110,000	Manufacturing and distribution of ready-mixed concrete.
Soaring Power Corp.	2006.07.03	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands.	2,208,666 (USD 69,880)	Overseas investments.
Jiangsu Xinning New Building Materials Co., Ltd.	2006.08.04	88 Xingchuo Road, Shiyao Village, Xingdian Town, Pukou District, Nanjing City, Jiangsu Province	2,,385,679 (USD 74,880)	Production of new building materials, new special cement clinker, silicate cement of various grades and new special cement, mineral powder, stone, commercial concrete and cement products, recycling and wholesale of recovered materials, sewage treatment and recycling, solid waste treatment, interior and exterior decoration works, sales of self-made products and related supplementary

Enterprise Name	Date of Incorporation	Address	Paid-in capital	Major business and production items
				services, Import and export of various self-made and distributed commodities and technologies (except for the import and export of commodities and technologies restricted and prohibited by the state).
Nanjing Xinrong Environmental Protection New Material Co., Ltd.	2019.05.14	No. 12-68, Yucai North Road, Xingdian Street, Pukou District, Nanjing City, Jiangsu Province	146,764 (CNY 33,424)	Environmental protection new materials R&D, technology promotion services; energy conservation and environmental protection technology development and services; environmental protection special equipment manufacturing; environmental protection technology promotion services, energy conservation technology promotion services; non-metallic minerals and products manufacturing and wholesale; chemical wholesale (excluding hazardous chemicals); Fine processing of

Enterprise Name	Date of Incorporation	Address	Paid-in capital	Major business and production items
				non-metallic minerals.
Jiangsu Xinning New Building Materials Co., Ltd.	2020.12.10	88 Xingchuo Road, Shiyao Village, Xingdian Town, Pukou District, Nanjing City, Jiangsu Province	43,840 (CNY 10,000)	Sales of cement products; sales of building materials; sales of light construction materials; sales of building decoration materials; sales of asbestos products; sales of eco-friendly materials; R&D of new material technologies.

(III)Business description

1. Industries covered by the businesses of the overall affiliates:

   The affiliated enterprises are mainly engaged in several industries, including cement production and distribution, ready-mixed concrete manufacturing and distribution, commercial building construction by commissioned contractors, public housing rental and sale business, general waste processing, building management consulting, sales of new building materials, mineral powder, stone, commercial concrete and cement manufacturing, as well as providing related supplementary services and overseas investment.

2. The businesses of the affiliated enterprises are related to each other.

   The Company's cement sold is the raw material purchased by HSIN I READY MIXED CONCRETE CO., LTD.

   The denitrifying agent sold by Nanjing Xinrong Environmental Protection New Material Co., Ltd. is the raw material of Jiangsu Xinning New Building Materials Co., Ltd.

   Jiangsu Xinning New Building Materials Co., Ltd. sells spoil on behalf of Jiangsu Xinning New Building Materials Co., Ltd.

(IV) Information on directors and supervisors of affiliated enterprises

Unit: shares; %

Enterprise Name	Title	Name or representative	Shareholding	Shareholding %
HSING TA CEMENT CO.,LTD.	Chairman Director Director Director Director Director Independent director Independent director Independent director	Jeeshing Yang Chunghsiung Yang Renshiung Yang Daqin Yang Shelly Sheueching Kao HITURBO CAPITAL CO., LTD. Representative: Powei Yang Jhengting Chen Lihsiung Chen Chengtung Shih	34,426,166 41,528,048 36,108,783 8,145,934 7,188,425 15,387,055	10.07 12.14 10.56 2.38 2.10 4.50
Xin Ni Development Co., Ltd.	 Chairman Director Director Director Director Supervisor	HSING TA CEMENT CO.,LTD. Representative: Chunghsiung Yang Representative: Tanghai Yang Representative: Dexiong Yang Representative: Renshiung Yang Representative: Dunzhi Yang Representative: Jeeshing Yang	5,880,000	98.00
HSIN I READY MIXED CONCRETE CO., LTD.	Chairman Director Director Supervisor	Jeeshing Yang HSING TA CEMENT CO.,LTD. Representative: Dexiong Yang Representative: Chunghsiung Yang Representative: Renshiung Yang	2,355,095 6,072,000	21.41 55.20
Soaring Power Corp.	 Director	HSING TA CEMENT CO.,LTD. Representative: Renshiung Yang	46,586,667	66.67
Jiangsu Xinning New Building Materials Co., Ltd.	 Chairman Director Director Director	Soaring Power Corp. Representative: Renshiung Yang Representative: Bomin Yang Representative: Jeeshing Yang Representative: Dakuan Yang	Jiangsu Xinning New Building Materials Co., Ltd. is a wholly-owned enterprise with no shares issued.	100.00

Enterprise Name	Title	Name or representative	Shareholding	Shareholding %
	Director Supervisor	Representative: Yipeng Yang Representative: Daqing Yang		
Nanjing Xinrong Environmental Protection New Material Co., Ltd.	 Chairman Director Director Supervisor Director Director	Jiangsu Xinning New Building Materials Co., Ltd. Representative: Renshiung Yang Representative: Jeeshing Yang Representative: Yiheng Zhou Representative: Boyuan Yang Shanghai Sanrong Environmental Protection Engineering Co., Ltd. Representative: Cifu Zeng Representative: Na Miao	Nanjing Xinrong Environmental Protection New Material Co., Ltd. is a joint venture with no shares issued.	52.72
Jiangsu Xinning New Building Materials Co., Ltd.	 Chairman Director Director Director Director Supervisor	Jiangsu Xinning New Building Materials Co., Ltd. Representative: Renshiung Yang Representative: Jeeshing Yang Representative: Dakuan Yang Representative: Yipeng Yang Representative: Bomin Yang Representative: Daqing Yang	Jiangsu Xinning New Building Materials Co., Ltd. is a wholly-owned enterprise with no shares issued.	100.00

(V) Business Overview of Affiliated Enterprises

Unit: Thousand $NT

Enterprise Name	Capital	Total assets	Total Liabilities	Net worth	Operating revenues	Operating profits (losses)	Net profits (losses) for the period	Earnings per share (NT$)
HSING TA CEMENT CO.,LTD.	3,419,579	7,964,532	466,666	7,497,866	1,728,042	219,186	1,004,034	2.94
Xin Ni Development Co., Ltd.	60,000	64,773	97	64,676	-	(122)	256	0.04
HSIN I READY MIXED CONCRETE CO., LTD.	110,000	622,412	188,848	433,564	954,996	71,184	56,671	5.15
Soaring Power Corp.	2,208,666	5,357,054	9,010	5,348,044	1,388,063	1,373,920	1,271,585	18.20
Jiangsu Xinning New Building Materials Co., Ltd.	2,385,679	6,975,529	1,638,365	5,337,164	5,050,987	1,835,415	1,388,063	Note 1
Nanjing Xinrong Environmental Protection New Material Co., Ltd.	164,764	149,209	15,992	133,217	13,024	(9,161)	(9,251)	Note 2

Note 1: Jiangsu Xinning New Building Materials Co., Ltd. is a wholly-owned enterprise with no shares issued.

Note 2: The investee Nanjing Xinrong Environmental Protection New Material Co., Ltd. is a joint venture with no shares issued.

Note 3: The investee Jiangsu Xinning New Building Materials Co., Ltd. was established on December 10, 2020, and began operations in 2021.

(VI) Consolidated financial statements of affiliated enterprises: None.

(VII) Consolidated business report of affiliated enterprises: None.

II. Private placement of securities during the most recent year or during the current year up to the date of publication of the

annual report: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent year or during the current year up to the date of publication of the annual report: None.

IV. Other matters that require additional explanation: None.

V. If any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, has occurred during the most recent year or during the current year up to the date of publication of the annual report: None.

HSING TA CEMENT CO.,LTD

Chairman: Jeeshing Yang

May 31, 2021