

**Taiwan Cement Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2019 and 2018 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Cement Corporation and its subsidiaries (collectively, the "Group") as of September 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the related consolidated statements of changes in equity and cash flows for the nine months then ended and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2019 and 2018, the combined total assets of these non-significant subsidiaries were NT\$103,961,559 thousand and NT\$81,559,598 thousand, respectively, representing 29% and 26%, respectively, of the Group's consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of September 30, 2019 and 2018 were NT\$15,684,015 thousand and NT\$16,904,370 thousand, respectively, representing 10% and 14%, respectively, of the Group's consolidated total liabilities; for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the net comprehensive income of these subsidiaries were NT\$1,112,925 thousand, NT\$1,624,200 thousand, NT\$3,692,420 thousand and NT\$5,653,700 thousand, respectively, representing (646%), 63%, 18% and 29%, respectively, of the Group's consolidated comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2019 and 2018, its consolidated financial performance for the three months ended September 30, 2019 and 2018 and its financial performance and its consolidated cash flows for the nine months ended September 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting".

The engagement partners on the reviews resulting in this independent auditors' review report are Ya-Ling Wong and Chih-Ming Shao.

Ya-Ling Wong

Chih-Ming, Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 12, 2019

Notice to Readers

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 46,970,348	13	\$ 48,507,889	14	\$ 42,980,849	14
Financial assets at fair value through profit or loss (Notes 4, 7 and 31)	486,994	-	549,838	-	600,410	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 31 and 33)	6,840,257	2	6,334,259	2	6,904,065	2
Financial assets for hedging (Notes 4 and 9)	161,874	-	-	-	-	-
Financial assets at amortized cost (Notes 4, 6 and 33)	5,452,579	2	2,664,157	1	3,089,250	1
Notes receivable (Notes 4 and 10)	29,801,858	8	29,748,544	9	26,722,993	9
Accounts receivable (Notes 4, 10, 11 and 33)	8,933,703	3	8,216,174	2	8,340,760	3
Notes and accounts receivable from related parties (Notes 4 and 32)	294,520	-	271,618	-	209,009	-
Other receivables (Note 4)	1,201,886	-	955,814	-	742,270	-
Inventories (Notes 4, 12 and 34)	9,545,675	3	9,464,303	3	9,012,327	3
Prepayments (Note 19)	2,431,573	1	3,034,021	1	2,964,906	1
Other current assets (Note 32)	962,956	-	634,078	-	1,232,919	-
Total current assets	<u>113,084,223</u>	<u>32</u>	<u>110,380,695</u>	<u>32</u>	<u>102,799,758</u>	<u>33</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Notes 4, 8, 31 and 33)	31,385,408	9	25,792,169	8	34,177,250	11
Investments accounted for using the equity method (Notes 4, 14, and 33)	47,597,673	13	46,247,974	13	9,491,833	3
Property, plant and equipment (Notes 4, 15, 25 and 33)	90,649,035	25	91,093,825	26	91,303,900	30
Right-of-use assets (Notes 4, 16, 25 and 32)	12,868,948	4	-	-	-	-
Investment properties (Notes 4, 17, 25 and 33)	6,328,556	2	6,344,460	2	6,349,743	2
Intangible assets (Notes 4, 18 and 25)	19,894,226	5	20,427,352	6	20,240,191	7
Prepayments for property, plant and equipment	2,957,353	1	2,624,195	1	1,917,422	1
Long-term lease receivables (Notes 4, 11 and 33)	-	-	30,951,796	9	31,264,030	10
Long-term finance lease receivables (Notes 4 and 11)	29,677,833	8	-	-	-	-
Net defined benefit asset (Note 4)	1,004,476	-	999,648	-	900,168	-
Long-term prepayments for leases (Note 19)	-	-	6,584,246	2	6,707,302	2
Other non-current assets (Notes 4 and 33)	2,974,516	1	2,638,758	1	3,217,964	1
Total non-current assets	<u>245,338,024</u>	<u>68</u>	<u>233,704,423</u>	<u>68</u>	<u>205,569,803</u>	<u>67</u>
TOTAL	<u>\$ 358,422,247</u>	<u>100</u>	<u>\$ 344,085,118</u>	<u>100</u>	<u>\$ 308,369,561</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Notes 20, 29 and 33)	\$ 36,935,736	10	\$ 26,226,051	8	\$ 22,471,574	7
Short-term bills payable (Note 20)	6,004,241	2	7,402,214	2	6,164,409	2
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 31)	4,940	-	139,460	-	-	-
Contract liabilities	5,920,047	2	5,114,644	2	5,850,094	2
Notes and accounts payable (Note 32)	8,208,655	2	7,808,921	2	7,961,973	2
Other payables (Notes 22, 32 and 34)	8,668,744	3	11,683,170	3	8,142,087	3
Lease liabilities - current (Notes 4 and 16)	371,475	-	-	-	-	-
Current income tax liabilities (Note 4)	2,771,720	1	4,090,640	1	2,545,873	1
Long-term loans - current portion (Notes 20, 29 and 33)	700,757	-	1,923,945	1	9,302,047	3
Other current liabilities	121,619	-	114,799	-	361,361	-
Total current liabilities	<u>69,707,934</u>	<u>20</u>	<u>64,503,844</u>	<u>19</u>	<u>62,799,418</u>	<u>20</u>
NON-CURRENT LIABILITIES						
Corporate bonds payable (Notes 4 and 21)	35,607,642	10	22,777,693	7	11,976,444	4
Long-term loans (Notes 20, 29 and 33)	28,742,895	8	24,631,973	7	36,055,682	12
Lease liabilities (Notes 4 and 16)	2,035,534	1	-	-	-	-
Deferred income tax liabilities (Note 4)	11,430,615	3	11,326,154	3	11,201,166	4
Long-term bills payable (Note 20)	11,803,900	3	22,476,880	7	-	-
Net defined benefit liabilities (Note 4)	73,208	-	210,515	-	205,696	-
Other non-current liabilities (Note 34)	620,607	-	778,603	-	479,830	-
Total non-current liabilities	<u>90,314,401</u>	<u>25</u>	<u>82,201,818</u>	<u>24</u>	<u>59,918,818</u>	<u>20</u>
Total liabilities	<u>160,022,335</u>	<u>45</u>	<u>146,705,662</u>	<u>43</u>	<u>122,718,236</u>	<u>40</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4, 24 and 28)						
Share capital	56,656,192	16	53,080,599	15	51,080,599	16
Capital surplus	48,305,425	13	47,836,241	14	38,546,478	12
Retained earnings	58,857,987	16	61,588,761	18	54,267,913	18
Other equity	20,220,735	6	19,038,454	6	26,446,314	9
Treasury shares	(348,959)	-	(2,545)	-	(218,166)	-
Total equity attributable to shareholders of the Corporation	<u>183,691,380</u>	<u>51</u>	<u>181,541,510</u>	<u>53</u>	<u>170,123,138</u>	<u>55</u>
NON-CONTROLLING INTERESTS (Notes 24 and 28)	<u>14,708,532</u>	<u>4</u>	<u>15,837,946</u>	<u>4</u>	<u>15,528,187</u>	<u>5</u>
Total equity	<u>198,399,912</u>	<u>55</u>	<u>197,379,456</u>	<u>57</u>	<u>185,651,325</u>	<u>60</u>
TOTAL	<u>\$ 358,422,247</u>	<u>100</u>	<u>\$ 344,085,118</u>	<u>100</u>	<u>\$ 308,369,561</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 12, 2019)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 32)	\$ 30,838,392	100	\$ 32,157,108	100	\$ 87,561,878	100	\$ 89,657,354	100
OPERATING COSTS (Notes 4, 12, 23, 25 and 32)	<u>21,119,053</u>	<u>69</u>	<u>23,551,890</u>	<u>73</u>	<u>62,031,223</u>	<u>71</u>	<u>64,992,780</u>	<u>73</u>
GROSS PROFIT	<u>9,719,339</u>	<u>31</u>	<u>8,605,218</u>	<u>27</u>	<u>25,530,655</u>	<u>29</u>	<u>24,664,574</u>	<u>27</u>
OPERATING EXPENSES (Notes 23, 25 and 32)								
Marketing	248,508	1	234,544	1	725,421	1	636,516	1
General and administrative	1,343,731	4	1,015,773	3	3,879,809	4	3,027,009	3
Research and development	<u>10,191</u>	<u>-</u>	<u>8,269</u>	<u>-</u>	<u>31,083</u>	<u>-</u>	<u>24,770</u>	<u>-</u>
Total operating expenses	<u>1,602,430</u>	<u>5</u>	<u>1,258,586</u>	<u>4</u>	<u>4,636,313</u>	<u>5</u>	<u>3,688,295</u>	<u>4</u>
INCOME FROM OPERATIONS	<u>8,116,909</u>	<u>26</u>	<u>7,346,632</u>	<u>23</u>	<u>20,894,342</u>	<u>24</u>	<u>20,976,279</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES								
Share of profit of associates and joint ventures (Notes 4 and 14)	618,128	2	589,468	2	1,802,135	2	1,663,716	2
Interest income (Note 4)	245,433	1	183,080	1	633,818	1	364,654	-
Dividend income	566,783	2	600,068	2	1,452,262	2	1,247,451	1
Other income	231,165	1	150,711	-	856,450	1	599,324	1
Net gain (loss) on disposal of property, plant and equipment	(14,628)	-	131,208	-	107,208	-	(33,783)	-
Finance costs (Notes 4 and 25)	(572,041)	(2)	(672,562)	(2)	(1,658,926)	(2)	(1,827,585)	(2)
Other expenses (Note 25)	(200,190)	(1)	(33,715)	-	(423,769)	(1)	(128,766)	-
Foreign exchange gains (losses), net	(41,007)	-	74,230	-	48,914	-	(136,169)	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	<u>(29,641)</u>	<u>-</u>	<u>(33,924)</u>	<u>-</u>	<u>146,924</u>	<u>-</u>	<u>50,276</u>	<u>-</u>
Total non-operating income and expenses	<u>804,002</u>	<u>3</u>	<u>988,564</u>	<u>3</u>	<u>2,965,016</u>	<u>3</u>	<u>1,799,118</u>	<u>2</u>
INCOME BEFORE INCOME TAX	8,920,911	29	8,335,196	26	23,859,358	27	22,775,397	25
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,876,501</u>	<u>6</u>	<u>1,876,545</u>	<u>6</u>	<u>4,954,162</u>	<u>5</u>	<u>5,740,441</u>	<u>6</u>
NET INCOME	<u>7,044,410</u>	<u>23</u>	<u>6,458,651</u>	<u>20</u>	<u>18,905,196</u>	<u>22</u>	<u>17,034,956</u>	<u>19</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 24)	\$ (873,355)	(3)	\$ 1,249,463	4	\$ 6,076,111	7	\$ 7,208,438	8
Gain (loss) on hedging instruments	1,145	-	-	-	(1,173)	-	-	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Note 24)	(101,400)	-	193	-	127,708	-	1,716	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 26)	-	-	-	-	-	-	(7,433)	-
	<u>(973,610)</u>	<u>(3)</u>	<u>1,249,656</u>	<u>4</u>	<u>6,202,646</u>	<u>7</u>	<u>7,202,721</u>	<u>8</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 24)	(5,165,883)	(17)	(4,642,924)	(14)	(3,709,822)	(4)	(4,353,651)	(5)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method (Note 24)	(1,077,296)	(4)	(487,475)	(2)	(1,257,019)	(2)	(387,168)	-
Income tax expense related to items that may be reclassified subsequently to profit or loss (Notes 24 and 26)	-	-	-	-	-	-	(328)	-
	<u>(6,243,179)</u>	<u>(21)</u>	<u>(5,130,399)</u>	<u>(16)</u>	<u>(4,966,841)</u>	<u>(6)</u>	<u>(4,741,147)</u>	<u>(5)</u>
Other comprehensive income (loss) for the period	<u>(7,216,789)</u>	<u>(24)</u>	<u>(3,880,743)</u>	<u>(12)</u>	<u>1,235,805</u>	<u>1</u>	<u>2,461,574</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (172,379)</u>	<u>(1)</u>	<u>\$ 2,577,908</u>	<u>8</u>	<u>\$ 20,141,001</u>	<u>23</u>	<u>\$ 19,496,530</u>	<u>22</u>
NET INCOME ATTRIBUTABLE TO:								
Shareholders of the Corporation	\$ 6,537,547	21	\$ 5,933,938	18	\$ 17,719,524	20	\$ 15,943,568	18
Non-controlling interests	<u>506,863</u>	<u>2</u>	<u>524,713</u>	<u>2</u>	<u>1,185,672</u>	<u>2</u>	<u>1,091,388</u>	<u>1</u>
	<u>\$ 7,044,410</u>	<u>23</u>	<u>\$ 6,458,651</u>	<u>20</u>	<u>\$ 18,905,196</u>	<u>22</u>	<u>\$ 17,034,956</u>	<u>19</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Corporation	\$ (640,276)	(2)	\$ 2,041,785	6	\$ 18,901,686	22	\$ 18,332,102	21
Non-controlling interests	<u>467,897</u>	<u>1</u>	<u>536,123</u>	<u>2</u>	<u>1,239,315</u>	<u>1</u>	<u>1,164,428</u>	<u>1</u>
	<u>\$ (172,379)</u>	<u>(1)</u>	<u>\$ 2,577,908</u>	<u>8</u>	<u>\$ 20,141,001</u>	<u>23</u>	<u>\$ 19,496,530</u>	<u>22</u>
EARNINGS PER SHARE (NT\$, Note 27)								
Basic	<u>\$ 1.20</u>		<u>\$ 1.12</u>		<u>\$ 3.24</u>		<u>\$ 3.13</u>	
Diluted	<u>\$ 1.14</u>		<u>\$ 1.12</u>		<u>\$ 3.12</u>		<u>\$ 3.13</u>	

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

(With Deloitte & Touche review report dated November 12, 2019)

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Corporation							Other Equity					Non-controlling Interests	Total Equity	
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Treasury Shares	Total			
	Ordinary Share	Preferred Share		Legal Reserve	Special Reserve	Unappropriated Earnings									Total
BALANCE, JANUARY 1, 2018	\$ 42,465,090	\$ -	\$ 25,739,065	\$ 14,025,109	\$ 13,049,635	\$ 21,944,766	\$ 49,019,510	\$ (790,475)	\$ 19,915,014	\$ -	\$ -	\$ -	\$ 136,348,204	\$ 16,299,012	\$ 152,647,216
Adjustments on initial application of IFRS 9	-	-	-	-	-	654,005	654,005	-	(19,915,014)	24,158,871	-	-	4,897,862	16,365	4,914,227
BALANCE, JANUARY 1, 2018 AFTER THE IMPACT OF RETROSPECTIVE APPLICATION OF IFRS 9	42,465,090	-	25,739,065	14,025,109	13,049,635	22,598,771	49,673,515	(790,475)	-	24,158,871	-	-	141,246,066	16,315,377	157,561,443
Appropriation of 2017 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	759,425	-	(759,425)	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(6,360,764)	(6,360,764)	-	-	-	-	-	(6,360,764)	-	(6,360,764)
Share dividends distributed by the Corporation	4,240,509	-	-	-	-	(4,240,509)	(4,240,509)	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,161,016)	(2,161,016)
Net income for the nine months ended September 30, 2018	-	-	-	-	-	15,943,568	15,943,568	-	-	-	-	-	15,943,568	1,091,388	17,034,956
Other comprehensive income (loss) for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	(7,605)	(7,605)	(4,722,354)	-	7,117,634	859	-	2,388,534	73,040	2,461,574
Total other comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	15,935,963	15,935,963	(4,722,354)	-	7,117,634	859	-	18,332,102	1,164,428	19,496,530
Issuance of global depository shares	4,375,000	-	12,295,210	-	-	-	-	-	-	-	-	-	16,670,210	-	16,670,210
Compensation costs of treasury shares transferred to employees	-	-	45,448	-	-	-	-	-	-	-	-	-	45,448	-	45,448
Difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	466,755	-	-	-	-	-	-	-	-	-	466,755	258,548	725,303
Organization restructuring	-	-	-	-	-	(58,513)	(58,513)	-	-	-	-	-	(58,513)	(49,150)	(107,663)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(681,779)	(681,779)	-	-	681,779	-	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	(573)	573	-	-	-	-	-	-	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(218,166)	(218,166)	-	(218,166)
BALANCE, SEPTEMBER 30, 2018	\$ 51,080,599	\$ -	\$ 38,546,478	\$ 14,784,534	\$ 13,049,062	\$ 26,434,317	\$ 54,267,913	\$ (5,512,829)	\$ -	\$ 31,958,284	\$ 859	\$ (218,166)	\$ 170,123,138	\$ 15,528,187	\$ 185,651,325
BALANCE, JANUARY 1, 2019	\$ 51,080,599	\$ 2,000,000	\$ 47,836,241	\$ 14,784,534	\$ 13,049,062	\$ 33,755,165	\$ 61,588,761	\$ (5,037,221)	\$ -	\$ 24,074,566	\$ 1,109	\$ (2,545)	\$ 181,541,510	\$ 15,837,946	\$ 197,379,456
Appropriation of 2018 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	2,118,082	-	(2,118,082)	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(16,856,367)	(16,856,367)	-	-	-	-	-	(16,856,367)	-	(16,856,367)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	(18,219)	(18,219)	-	-	-	-	-	(18,219)	-	(18,219)
Share dividends distributed by the Corporation	3,575,593	-	-	-	-	(3,575,593)	(3,575,593)	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,222,426)	(2,222,426)
Net income for the nine months ended September 30, 2019	-	-	-	-	-	17,719,524	17,719,524	-	-	-	-	-	17,719,524	1,185,672	18,905,196
Other comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	(119)	(119)	(4,958,975)	-	6,143,069	(1,813)	-	1,182,162	53,643	1,235,805
Total other comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	17,719,405	17,719,405	(4,958,975)	-	6,143,069	(1,813)	-	18,901,686	1,239,315	20,141,001
Difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	23	-	-	-	-	-	-	-	-	-	23	(146,303)	(146,280)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	468,759	-	-	-	-	-	-	-	-	-	468,759	-	468,759
Compensation costs of treasury shares transferred to employees	-	-	826	-	-	-	-	-	-	-	-	-	826	-	826
Treasury shares transferred to employees	-	-	(424)	-	-	-	-	-	-	-	-	2,545	2,121	-	2,121
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(348,959)	(348,959)	-	(348,959)
BALANCE, SEPTEMBER 30, 2019	\$ 54,656,192	\$ 2,000,000	\$ 48,305,425	\$ 16,902,616	\$ 13,049,062	\$ 28,906,309	\$ 58,857,987	\$ (9,996,196)	\$ -	\$ 30,217,635	\$ (704)	\$ (348,959)	\$ 183,691,380	\$ 14,708,532	\$ 198,399,912

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

(With Deloitte & Touche review report dated November 12, 2019)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 23,859,358	\$ 22,775,397
Adjustments for:		
Depreciation expense	5,221,832	4,623,774
Amortization expense	296,416	293,251
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(146,924)	(50,276)
Finance costs	1,658,926	1,827,585
Interest income	(633,818)	(364,654)
Dividend income	(1,452,262)	(1,247,451)
Compensation costs of employee share options	826	45,448
Share of profit of associates and joint ventures	(1,802,135)	(1,663,716)
Loss (gain) on disposal of property, plant and equipment, net	(107,208)	33,783
Loss on disposal of investment properties, net	-	16,642
Gain on disposal of investments, net	(189,593)	(44)
Impairment loss recognized on non-financial assets	109,000	-
Reversal of write-down of inventories	(44,658)	(49,208)
Unrealized gain on foreign exchange, net	(4,368)	(97,310)
Others	-	172,409
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	76,029	(10,517)
Notes receivable	(795,340)	(7,488,525)
Accounts receivable	(725,898)	(1,269,221)
Notes and accounts receivable from related parties	(23,211)	20,056
Other receivables	(273,968)	105,880
Inventories	(164,813)	(749,170)
Prepayments	434,587	12,340
Other current assets	(3,431)	(219,888)
Contract liabilities	848,848	1,367,679
Notes and accounts payable	499,772	274,903
Other payables	(2,776,402)	(211,523)
Other current liabilities	6,818	212,309
Net defined benefit liabilities	(142,135)	(8,532)
Cash generated from operations	23,726,248	18,351,421
Income tax paid	(6,037,850)	(3,859,946)
Net cash generated from operating activities	<u>17,688,398</u>	<u>14,491,475</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (241,094)
Purchase of financial assets at amortized cost	(3,423,597)	(2,062,114)
Acquisition of long-term equity investments accounted for using the equity method	(1,284,750)	(474,421)
Disposal of long-term equity investments accounted for using the equity method	41,116	-
Payments for property, plant and equipment	(6,385,220)	(2,589,848)
Proceeds from disposal of property, plant and equipment	497,109	410,801
Payments for intangible assets	(107,420)	(54,012)
Payments for right-of-use assets	(4,159,848)	-
Disposal of right-of-use assets	4,749	-
Decrease in long-term lease receivables	-	1,161,554
Decrease in long-term finance lease receivables	1,273,963	-
Increase in other non-current assets	(23,278)	(296,409)
Increase in prepayments for leases	-	(259,670)
Interest received	645,659	282,359
Dividends received	2,487,711	1,518,177
Increase in other current assets	(341,554)	(511,421)
Net cash used in investing activities	<u>(10,775,360)</u>	<u>(3,116,098)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	10,656,519	2,002,160
Issuance of corporate bonds	12,562,200	11,976,000
Increase in long-term loans	11,533,925	14,030,000
Repayment of long-term loans	(8,755,707)	(26,925,181)
Decrease in long-term bills payable	(10,672,980)	-
Decrease in short-term bills payable	(1,397,973)	(1,827,008)
Repayment of the principal portion of lease liabilities	(361,729)	-
Decrease in other non-current liabilities	(158,728)	(136,870)
Cash dividends paid	(19,097,012)	(8,521,780)
Issuance of ordinary shares for cash	-	16,670,210
Treasury shares transferred to employees	2,121	-
Payment for buy-back of treasury shares	(348,959)	(218,166)
Acquisition of subsidiaries	(406)	(170,899)
Partial disposal of interests in subsidiaries without a loss of control	-	788,539
Interest paid	(1,660,402)	(1,702,732)
Changes in non-controlling equity interest	<u>7,837</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(7,691,294)</u>	<u>5,964,273</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ (597,411)	\$ (690,019)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,375,667)	16,649,631
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>48,507,889</u>	<u>26,331,218</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 47,132,222</u>	<u>\$ 42,980,849</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as at September 30, 2019 and 2018:

	September 30	
	2019	2018
Cash and cash equivalents in the consolidated balance sheets	\$ 46,970,348	\$ 42,980,849
Cash and cash equivalents included in financial assets for hedging	<u>161,874</u>	<u>-</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 47,132,222</u>	<u>\$ 42,980,849</u>

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

(With Deloitte & Touche review report dated November 12, 2019)

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on November 12, 2019.

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

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

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies:

IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within financing activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in China were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elected to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information was not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at either an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments, or their carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- 1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 4) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 were determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 1.9%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 3,468,483
Less: Recognition exemption for short-term leases	(364,039)
Less: Recognition exemption for leases of low-value assets	<u>(852)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 3,103,592</u>
Discounted amounts using the incremental borrowing rate and lease liabilities recognized on January 1, 2019	<u>\$ 2,523,403</u>

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets and liabilities as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Lease receivables - non-current	\$ 30,951,796	\$ (30,951,796)	\$ -
Finance lease receivables - non-current	-	30,951,796	30,951,796
Prepayments	3,034,021	(228,205)	2,805,816
Other current assets	634,078	(23,118)	610,960
Prepayments for leases - non-current	6,584,246	(6,584,246)	-
Right-of-use assets	<u>-</u>	<u>9,358,972</u>	<u>9,358,972</u>
Total effect on assets	<u>\$ 41,204,141</u>	<u>\$ 2,523,403</u>	<u>\$ 43,727,544</u>
Lease liabilities - current	\$ -	\$ 336,878	\$ 336,878
Lease liabilities - non-current	<u>-</u>	<u>2,186,525</u>	<u>2,186,525</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 2,523,403</u>	<u>\$ 2,523,403</u>

- b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 2)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

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

d. Basis of consolidation

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

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

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

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

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

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

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

Refer to Note 13 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

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

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

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

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

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

f. Foreign currencies

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

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

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

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

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

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

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

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

g. Inventories

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

h. Investments in associates and joint ventures

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

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

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

j. Investment properties

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

n. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Group ceases to have significant influence or joint control over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

When a subsidiary, joint venture, associate, or a portion of an interest in a joint venture or an associate previously classified as held for sale no longer meets the criteria to be so classified, it is measured at the carrying amount that would have been recognized had such interests not been classified as held for sale. The consolidated financial statements for the periods since classification as held for sale are amended accordingly.

o. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on their remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities are classified as at FVTPL when such a financial liability is either held for trading or is designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 31.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability is recognized in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when such financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

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

p. Hedge accounting

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

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

q. Revenue recognition

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

- 1) Revenue from the sale of goods is recognized when the goods are delivered to customer-specific location and the ownership of the goods is transferred to customer.
- 2) Service income is recognized by reference to the stage of completion of the contract or when services are provided. Freight revenue is recognized by reference to the proportion of the voyage period.
- 3) Revenue from electric power is calculated according to the volume of electric power sold and the energy rate.

r. Leases

2019

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

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

1) The Group as lessor

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

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

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

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

2) The Group as lessee

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

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

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

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

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

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

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The lease component of all electric power selling contracts identified in accordance with IFRC 4 “Determining Whether an Arrangement Contains a Lease” is classified as a finance lease.

1) The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, and in which case they are capitalized.

Operating lease payments are recognized as expenses on a straight-line basis over the related lease terms.

s. Borrowing costs

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

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

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

t. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Relevant grants of an asset are recognized as deferred revenue or a reduction of the asset’s cost on a straight-line basis.

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

3) Other long-term employee benefits

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

v. Share-based payment arrangements

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

w. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax is assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to the expected total annual earnings. The effect of a change in tax rate resulting from a change in the tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss and other comprehensive income in full in the period in which the change in tax rate occurs.

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the reporting period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment of goodwill

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

b. Impairment of property, plant and equipment

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	\$ 8,156	\$ 9,364	\$ 8,254
Checking accounts and demand deposits	18,688,707	21,245,130	20,528,984
Cash equivalents			
Time deposits with original maturities of less than 3 months	25,760,675	26,914,519	21,983,326
Bonds with repurchase agreements	<u>2,512,810</u>	<u>338,876</u>	<u>460,285</u>
	<u>\$ 46,970,348</u>	<u>\$ 48,507,889</u>	<u>\$ 42,980,849</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Cash in banks	0.01-3.80%	0.01-3.00%	0.01-2.60%
Bonds with repurchase agreements	0.45-2.40%	0.31-2.90%	0.31-2.20%

As of September 30, 2019, December 31, 2018 and September 30, 2018, time deposits with original maturities of more than 3 months were \$5,164,876 thousand, \$2,382,467 thousand and \$2,953,410 thousand, respectively, which were classified to financial assets at amortized cost.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets at fair value through profit or loss <u>(FVTPL) - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic listed shares	\$ 224,473	\$ 220,787	265,019
Domestic emerging market shares	93,923	85,780	92,159
Mutual funds	<u>168,598</u>	<u>243,271</u>	<u>243,232</u>
	<u>\$ 486,994</u>	<u>\$ 549,838</u>	<u>\$ 600,410</u>

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Redemption options and put options of convertible bonds	\$ 4,940	\$ 139,460	\$ - (Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Domestic investments			
Listed shares	\$ 6,785,543	\$ 6,282,884	\$ 6,904,065
Convertible preference shares	<u>54,714</u>	<u>51,375</u>	<u>-</u>
	<u>\$ 6,840,257</u>	<u>\$ 6,334,259</u>	<u>\$ 6,904,065</u>
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ -	\$ -	\$ 3,416,329
Unlisted shares	<u>6,694,452</u>	<u>5,865,710</u>	<u>6,292,192</u>
	<u>6,694,452</u>	<u>5,865,710</u>	<u>9,708,521</u>
Foreign investments			
Listed shares	24,690,956	19,926,459	24,468,000
Unlisted shares	<u>-</u>	<u>-</u>	<u>729</u>
	<u>24,690,956</u>	<u>19,926,459</u>	<u>24,468,729</u>
	<u>\$ 31,385,408</u>	<u>\$ 25,792,169</u>	<u>\$ 34,177,250</u>

For the year ended December 31, 2018, the Group paid \$673,918 thousand and \$3,060,365 thousand to acquire shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd., respectively, and increased the Group's percentage of ownership from 15.1% to 29.9% and 12.5% to 19.2%, respectively. With a significant impact on the investee, the original investments previously recognized as financial assets at FVTOCI were considered as disposed of and reclassified to investments accounted for using the equity method. For the year ended December 31, 2018, the Group paid \$51,375 thousand to acquire convertible preference shares of O-Bank Co., Ltd.

Refer to Note 33 for information relating to investments in equity instruments at FVTOCI pledged as collateral for credit accommodations.

10. NOTES AND ACCOUNTS RECEIVABLE

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable	\$ 29,812,367	\$ 29,759,920	\$ 26,733,611
Accounts receivable	8,975,919	8,255,737	8,380,862
Less: Allowance for impairment loss	<u>(52,725)</u>	<u>(50,939)</u>	<u>(50,720)</u>
	<u>\$ 38,735,561</u>	<u>\$ 37,964,718</u>	<u>\$ 35,063,753</u>

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

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

The aging analysis of receivables was as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Up to 90 days	\$ 23,520,018	\$ 23,527,413	\$ 21,272,427
91-180 days	13,778,810	12,394,387	12,679,537
181-365 days	1,405,399	2,009,676	1,073,412
Over 365 days	<u>31,334</u>	<u>33,242</u>	<u>38,377</u>
	<u>\$ 38,735,561</u>	<u>\$ 37,964,718</u>	<u>\$ 35,063,753</u>

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

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

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 50,939	\$ 142,242
Add: Net remeasurement of loss allowance	3,966	(35,922)
Less: Amounts written off	(2,080)	(56,272)
Foreign exchange gains and losses	<u>(100)</u>	<u>672</u>
Balance at September 30	<u>\$ 52,725</u>	<u>\$ 50,720</u>

11. FINANCE LEASE RECEIVABLES

2019

	September 30, 2019
<u>Undiscounted lease payments</u>	
Year 1	\$ 5,044,250
Year 2	5,521,623
Year 3	5,430,178
Year 4	5,520,987
Year 5	6,154,394
Year 6 onwards	<u>23,641,410</u>
	51,312,842
Less: Unearned finance income	20,000,934
Less: Accumulated impairment	<u>47,878</u>
Net investment in leases presented as finance lease receivables	<u>\$ 31,264,030</u>
Current (included in accounts receivable)	\$ 1,586,197
Non-current	<u>29,677,833</u>
	<u>\$ 31,264,030</u>

2018

	December 31, 2018	September 30, 2018
<u>Undiscounted lease payments</u>		
Not later than 1 year	\$ 5,040,945	\$ 4,937,251
Later than 1 year and not later than 5 years	21,692,882	21,517,037
Later than 5 years	<u>27,423,395</u>	<u>28,717,462</u>
	54,157,222	55,171,750
Less: Unearned finance income	21,683,760	22,470,478
Less: Accumulated impairment	<u>47,878</u>	<u>47,878</u>
Present value of minimum lease payments	<u>\$ 32,425,584</u>	<u>\$ 32,653,394</u>
Current (included in accounts receivable)	\$ 1,473,788	\$ 1,389,364
Non-current	<u>30,951,796</u>	<u>31,264,030</u>
	<u>\$ 32,425,584</u>	<u>\$ 32,653,394</u>

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

Refer to Note 33 for information relating to finance lease receivables pledged as collateral for bank borrowings, which were recorded under property, plant and equipment before transitioning to IFRSs (which were recorded under lease receivables in 2018 and finance lease receivables in 2019 after transitioning to IFRSs).

12. INVENTORIES

	September 30, 2019	December 31, 2018	September 30, 2018
Finished goods	\$ 2,839,946	\$ 2,624,617	\$ 2,468,007
Work in process	1,406,275	1,322,979	1,334,041
Raw materials	<u>5,299,454</u>	<u>5,516,707</u>	<u>5,210,279</u>
	<u>\$ 9,545,675</u>	<u>\$ 9,464,303</u>	<u>\$ 9,012,327</u>

The costs of inventories recognized as cost of goods sold for the nine months ended September 30, 2019 and 2018 were \$57,047,885 thousand and \$60,548,271 thousand, respectively. The cost of goods sold included (reversals of) inventory write-downs which were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
(Reversals of) inventory write-downs	<u>\$ (13,250)</u>	<u>\$ 13,696</u>	<u>\$ (44,658)</u>	<u>\$ (49,208)</u>

The recovery of inventories' net realizable values was mainly due to the rebound in market price.

Refer to Note 34 for information relating to bills of lading pledged as collateral for bank borrowings.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The consolidated financial statements include subsidiaries as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
Taiwan Cement Corporation	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	83.9	83.9	83.9	
	TCC Investment Corporation	Investment	100.0	100.0	100.0	
	Kuan-Ho Refractories Industry Corporation	Production and sale of refractory materials	95.3	95.3	95.3	
	Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	Investment holding	84.7	84.7	84.7	
	Ta-Ho Maritime Corporation	Marine transportation	64.8	64.8	64.8	16)
	Taiwan Cement Engineering Corporation	Engineering services	99.0	99.0	99.0	
	TCC Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	4)
	TCC Chemical Corporation	Leasing property and energy technology services	100.0	100.0	100.0	5)
	TCC Information Systems Corporation	Information software design	99.4	99.4	99.4	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	40.0	40.0	40.0	2), 8), 16)
	Tung Chen Mineral Corporation	Afforestation and sale of limestone	99.5	99.5	99.5	
	Jin Chang Minerals Corporation	Afforestation and sale of limestone	100.0	100.0	100.0	
	Hoping Industrial Port Corporation	Hoping Industrial Port management	100.0	100.0	100.0	16)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
	TCC International Ltd. ("TCCI")	Investment holding	100.0	100.0	100.0	9), 16)
	TCCMOLI Holdings (Singapore) Pte. Ltd. (TCCMOLI)	Investment holding	100.0	-	-	14)
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	59.5	16)
	Ta-Ho Taitung Environment Co., Ltd.	Waste collection and treatment	100.0	100.0	100.0	3)
	HPC Power Service Corporation	Business consulting	60.0	60.0	60.0	
	E.G.C. Cement Corporation	Sale of cement	50.6	50.6	50.6	
	Feng Sheng Enterprise Company Limited	Sale of ready-mixed concrete	45.4	45.4	45.4	8)
	Trans Philippines Mineral Corporation ("TPMC")	Mining excavation	40.0	40.0	40.0	8)
	Taicorn Minerals Corporation ("TMC")	Mining excavation	72.7	72.7	72.7	
	Ta-Ho RSEA Environment Co., Ltd.	Waste collection and treatment	66.6	66.6	66.6	
	Ho Sheng Mining Co., Ltd.	Mining excavation and sale of limestone	100.0	100.0	100.0	
	TCC International Holdings Ltd. ("TCCIH")	Investing holding	38.3	38.3	33.8	9)
	Taiwan Cement (Dutch) Holdings B.V.	Investing holding	100.0	100.0	-	12)
Taiwan Transport & Storage Corporation	E.G.C. Cement Corporation	Sale of cement	49.4	49.4	49.4	2)
	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	-	-	51.0	3)
	Ta-Ho Maritime Corporation	Marine transportation	29.2	29.2	29.2	1), 2), 16)
	TJ Transport Corporation	Transportation	100.0	-	-	14)
TCC Investment Corporation	Union Cement Traders Inc.	Import and export trading	100.0	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	0.5	0.5	0.5	16)
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.2	0.2	0.2	2), 8), 16)
	Ta-Ho Maritime Corporation	Marine transportation	-	-	-	16)
HKCMCL	TCC Development Ltd.	Property leasing	100.0	100.0	100.0	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Investment	100.0	100.0	100.0	
Taiwan Cement Engineering Corporation	TCEC (Yingde) Machine Co., Ltd.	Production and sale of cement machinery and assembly work	100.0	100.0	100.0	10)
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Investment	100.0	100.0	100.0	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	2.3	2.3	2.3	8), 16)
TCCI	TCCIH	Investment holding	61.7	61.7	66.2	9), 16)
Feng Sheng Enterprise Company Limited	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	-	-	9.0	3)
TPMC	TMC	Mining excavation	18.2	18.2	18.2	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	0.7	0.7	0.7	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Renewable energy generation	100.0	100.0	100.0	6)
TCC Green Energy Corporation	Chang-Wang Wind Power Co., Ltd.	Renewable energy generation	100.0	100.0	-	7)
	TCC Nan-Chung Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	7)
	TCC Kao-Cheng Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	7)
	TCC Chang-Ho Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	7)
	TCC Chia-Chien Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	7)
	TCC Yun-Kai Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	7)
	TCC Lien-Hsin Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	7)
	TCC PING-CHIH Green Energy Corporation (PTGE)	Renewable energy generation	100.0	-	-	7)
Ta-Ho Maritime Holdings Ltd.	Ta-Ho Maritime (Hong Kong) Limited	Marine transportation	100.0	100.0	100.0	
	THC International S.A.	Marine transportation	100.0	100.0	100.0	2)
	Chi Ho Maritime S.A.	Marine transportation	100.0	100.0	100.0	
	Sheng Ho Maritime S.A.	Marine transportation	100.0	100.0	100.0	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
Taicem Information (Samoa) Pte., Ltd.	Fuzhou TCC Information Technology Co., Ltd.	Software product and equipment maintenance	100.0	100.0	100.0	
Ta-Ho Maritime (Hong Kong) Limited	Da Tong (Guigang) International Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	100.0	
Da Tong (Guigang) International Logistics Co., Ltd.	Da Tong (Ying De) Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	100.0	
	Guigang Da-Ho Shipping Co., Ltd.	Marine transportation	100.0	100.0	100.0	
TCCIH	Chia Hsin Cement Greater China Holding Corporation	Investment holding	100.0	100.0	100.0	
	Upper Value Investment Limited	Investment holding	100.0	100.0	100.0	
	Upper Value Investments Ltd. (“UPPV”)	Investment holding	100.0	100.0	100.0	16)
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	100.0	16)
	Ulexite Investments Ltd.	Investment holding	100.0	100.0	100.0	
Upper Value Investment Limited	Prime York Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Minerals (International) Ltd.	Investment holding	100.0	100.0	100.0	
TCC Hong Kong Cement (BVI) Holdings Ltd.	TCC Hong Kong Cement Development Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (QHC) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (Yargoan) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (HKC) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (Philippines) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (International) Ltd.	Investment holding	100.0	100.0	100.0	16)
	Hong Kong Cement Company Limited (“HKCCL”)	Sale of cement	100.0	100.0	100.0	
TCC Hong Kong Cement (QHC) Ltd.	Chiefolk Company Ltd.	Investment holding	70.0	70.0	70.0	
Chiefolk Company Ltd.	TCC International (Liuzhou) Ltd.	Investment holding	100.0	100.0	100.0	
TCC International (Liuzhou) Ltd.	TCC Liuzhou Company Ltd.	Investment holding	100.0	100.0	100.0	
TCC Liuzhou Company Ltd.	TCC Liuzhou Construction Materials Co., Ltd.	Manufacturing and sale of slag powder	60.0	60.0	60.0	
TCC Hong Kong Cement (Philippines) Ltd.	TCC Cement Corp.	Cement processing services	100.0	100.0	100.0	
TCC Hong Kong Cement (International) Ltd.	TCC International (Hong Kong) Co., Ltd. (“TCCI (HK)”)	Investment holding	100.0	100.0	100.0	16)
TCCI (HK)	TCC Guigang Mining Industrial Company Limited	Mining excavation	52.5	52.5	52.5	
	Jiangsu TCC Investment Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Jingyang Industrial Limited	Investment holding	100.0	100.0	100.0	
	TCC International (Guangxi) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	48.9	48.9	48.9	
	TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	16)
	TCC Jiangsu Mining Industrial Company Limited	Mining excavation	100.0	100.0	100.0	
	TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	100.0	100.0	100.0	
	TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	16)
	Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	-	60.0	60.0	11)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
Jiangsu TCC Investment Co., Ltd.	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	21.5	21.5	21.5	16)
Jingyang Industrial Limited	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	78.5	78.5	78.5	16)
TCC International (Guangxi) Ltd.	TCC (Gui Gang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	16)
TCC (Gui Gang) Cement Ltd.	TCC Huaying Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Guigang Mining Industrial Company Limited	Mining excavation	47.5	47.5	47.5	
	Guigang TCC Dong Yuan Environmental Technology Company Limited	Dangerous waste treatment	95.2	95.2	40.0	13)
TCC Yingde Cement Co., Ltd.	TCC Yingde Mining Industrial Company Limited	Mining excavation	34.8	34.8	34.8	
	Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	25.0	25.0	25.0	
	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	Beijing TCC Environmental Technology Co., Ltd.	Technology development, enterprise management and sales	100.0	-	-	14)
	TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Environmental protection, cement and enterprise management consulting	100.0	-	-	14)
TCC Jiangsu Mining Industrial Company	TCC Yingde Mining Industrial Company Limited	Mining excavation	16.3	16.3	16.3	
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Huaihua Concrete Company Limited	Sale of ready-mixed concrete	100.0	100.0	100.0	
Ulexite Investments Ltd. UPPV	HKC Investments Ltd.	Investment holding	100.0	100.0	100.0	3)
	Wayly Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	TCC International (China) Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Kong On Cement Holdings Ltd.	Investment holding	65.0	65.0	65.0	
	Mega East Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Minerals (China) Ltd.	Investment holding	100.0	100.0	100.0	
	Sure Kit Ltd.	Investment holding	100.0	100.0	100.0	
	Hensford Ltd.	Investment holding	100.0	100.0	100.0	
	Kiton Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Cement Investment Ltd.	Investment holding	100.0	100.0	100.0	
	Scitus Cement (China) Holdings Ltd. ("Scitus Holdings")	Investment holding	100.0	100.0	100.0	
Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
TCC International (China) Co., Ltd.	TCC New (Hangzhou) Management Company Limited	Operation management	100.0	100.0	100.0	
Kong On Cement Holdings Ltd.	Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
Mega East Ltd.	TCC Guangan Cement Company Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
Sure Kit Ltd.	TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	16)
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	16)
Kiton Ltd.	TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
Prosperity Cement Investment Ltd.	Yingde Dragon Mountain Cement Co. Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	16)
TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	100.0	100.0	100.0	
TCC New (Hangzhou) Management Company Limited	Kaili TCC Environment Technology Co., Ltd	Waste collection and treatment	100.0	-	-	14)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
Scitus Holdings	Scitus Cement (China) Operating Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon XIV Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon XIII Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon IX Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon VIII Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon V Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon IV Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon III Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon II Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon Holdings Ltd.	Investment holding	100.0	100.0	100.0	
Hexagon IX Holdings Ltd.	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon IV Holdings Ltd.	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon III Holdings Ltd.	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon XIV Holdings Ltd.	Scitus Luzhou Concrete Co., Ltd.	Sales of ready-mixed concrete	75.0	75.0	75.0	
Scitus Luzhou Cement Co., Ltd.	TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	Technology development, enterprise management and sales	55.0	-	-	15)

(Concluded)

Remarks:

- 1) Refer to Note 28 for information relating to the equity acquisition transaction.
- 2) Taiwan Cement Corporation and TCC Investment Corporation disposed part of their joint ownership in Taiwan Prosperity Chemical Corporation during 2018. Taiwan Transport & Storage Corporation acquired a partial shareholding of Ta-Ho Maritime Corporation, E.G.C. Cement Corporation during 2018, and Ta-Ho Maritime Corporation during the six months ended June 30, 2019. In July 2019, the board of directors of Ta-Ho Maritime Holdings resolved to increase its capital investment of THC International S.A.
- 3) Ho Swen Construction Material Co., Ltd. had finalized liquidation in December 2018. HKC Investments Ltd. and Ta-Ho Taitung Environment Co., Ltd. were in the process of liquidation in September 2019.
- 4) Tunwoo Company Limited changed its Chinese name to TCC Green Energy Corporation in March 2018, and changed its main business to renewable energy generation.
- 5) For the purpose of streamlining its investment structure, its board of directors approved to merge Kuan-Ho Construction & Development Corporation, with TCC Chemical Corporation as the surviving company. The effective date of the merger was on January 1, 2018.
- 6) Ho-Ping Renewable Energy Company was established in April 2018 and consolidated into the Group's consolidated financial statements.
- 7) TCC Chia-Chien Green Energy Corporation, TCC Yun-Kai Green Energy Corporation and TCC Lien-Hsin Green Energy Corporation were established in May 2018. TCC Kao-Cheng Green Energy Corporation, TCC Nan-Chung Green Energy Corporation and TCC Chang-Ho Green Energy Corporation were established in July 2018. Chang-Wang Wind Power Co., Ltd. was established in December 2018. TCC PING-CHIH Green Energy Corporation was established in August 2019. These entities were consolidated into the Group's consolidated financial statements.
- 8) Although the Group's percentages of ownership in Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company Limited and TPMC were less than 50%, the Group still has control over those entities. Thus, Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company Limited and TPMC are considered as subsidiaries of the Group.

- 9) Taiwan Cement Corporation increased its capital investment of TCCI and TCCIH in 2018, but TCCI did not simultaneously increase its investment in the capital of TCCIH. Thus, Taiwan Cement Corporation's percentage of ownership in TCCIH increased from 33.8% to 38.3%, and TCCI's percentages of ownership in TCCIH decreased from 66.2% to 61.7%.
- 10) Taiwan Cement Engineering Corporation indirectly owned 100% shares in TCEC (Yingde) Machine Co., Ltd. through TCEC Corporation. The Brunei Darussalam government announced on December 22, 2016 that all international corporations have to wind up their businesses. Therefore, Taiwan Cement Engineering Corporation disposed of its direct ownership in TCEC (Yingde) Machine Co., Ltd. and went through the relevant procedures in September 2018, which were finished in December 2018.
- 11) Anhui King Bridge Cement Co., Ltd was dissolved and cancelled during the three months ended March 31, 2019.
- 12) Its board of directors resolved to establish Taiwan Cement (Dutch) Holdings B.V. in October 2018, which established the joint venture (Dutch OYAK TCC Holdings B.V.) with Ordu Yardimlasma Kurumuwhich. The Group obtained 40% interests of joint venture investment in cash and indirectly acquired the cement investment projects in area such as Turkey.
- 13) Refer to Note 14 for information relating to the Group's establishment of Guigang TCC Donyuan Environmental Technology Limited by means of joint venture in June 2018, of which the Group held a 40% interest. In October 2018, the board of directors of TCC (Guigang) Cement Limited approved the \$116 million that was initially financed to Guigang TCC Donyuan Environmental Technology Limited and converted it to share capital, thereby increasing the holding rate of interests to 95.2%.
- 14) TCC Beijing Environmental Technology Co., Ltd., TCC (Hangzhou) Environment Protection Technology Co., Ltd., Kaili TCC Environmental Technology Co., Ltd., TCCMOLI and TJ Transport Corporation were established during the nine months ended September 30, 2019 and consolidated into the Group's consolidated financial statements.
- 15) TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd. was established in January 2019. Its capital was invested according to the shareholding ratio in July 2019, and consolidated into the Group's consolidated financial statements.
- 16) The financial statements for the nine months ended September 30, 2019 and 2018 of the consolidated subsidiaries had been reviewed.
- 17) Except for those mentioned directly in item 16 above, the remaining subsidiaries' financial statements for the nine months ended September 30, 2019 and 2018 were not reviewed by auditors.
- b. Details of subsidiaries that have material non-controlling interests

	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	September 30, 2019	December 31, 2018	September 30, 2018
Taiwan Prosperity Chemical Corporation	57.5%	57.5%	57.5%
Ho-Ping Power Company	40.0%	40.0%	40.0%

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

The summarized financial information below represents amounts before intragroup eliminations.

Taiwan Prosperity Chemical Corporation

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 5,022,723	\$ 5,434,627	\$ 6,430,762
Non-current assets	5,546,715	6,079,902	6,253,337
Current liabilities	(4,178,331)	(4,138,783)	(7,606,581)
Non-current liabilities	<u>(3,632,442)</u>	<u>(3,842,504)</u>	<u>(1,419,978)</u>
Equity	<u>\$ 2,758,665</u>	<u>\$ 3,533,242</u>	<u>\$ 3,657,540</u>
Equity attributable to:			
Owners of Taiwan Prosperity Chemical Corporation	\$ 1,172,760	\$ 1,502,047	\$ 1,554,889
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>1,585,905</u>	<u>2,031,195</u>	<u>2,102,651</u>
	<u>\$ 2,758,665</u>	<u>\$ 3,533,242</u>	<u>\$ 3,657,540</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2019	2018	2019
	2018	2019	2018
Operating revenue	<u>\$ 2,478,246</u>	<u>\$ 4,053,014</u>	<u>\$ 8,175,324</u>
Profit (loss) for the period	\$ (514,598)	\$ 29,131	\$ (858,207)
Other comprehensive income (loss) for the period	<u>(12,450)</u>	<u>73,893</u>	<u>83,630</u>
Total comprehensive income (loss) for the period	<u>\$ (527,048)</u>	<u>\$ 103,024</u>	<u>\$ (774,577)</u>
Profit (loss) attributable to:			
Owners of Taiwan Prosperity Chemical Corporation	\$ (218,766)	\$ 12,517	\$ (364,840)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>(295,832)</u>	<u>16,614</u>	<u>(493,367)</u>
	<u>\$ (514,598)</u>	<u>\$ 29,131</u>	<u>\$ (858,207)</u>
Total comprehensive income (loss) attributable to:			
Owners of Taiwan Prosperity Chemical Corporation	\$ (224,058)	\$ 39,845	\$ (329,287)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>(302,990)</u>	<u>63,179</u>	<u>(445,290)</u>
	<u>\$ (527,048)</u>	<u>\$ 103,024</u>	<u>\$ (774,577)</u>

	For the Nine Months Ended September 30	
	2019	2018
Net cash inflow (outflow) from:		
Operating activities	\$ (377,248)	\$ 676,277
Investing activities	(129,884)	35,328
Financing activities	<u>22,043</u>	<u>783,253</u>
Net cash inflow (outflow)	<u>\$ (485,089)</u>	<u>\$ 1,494,858</u>

Ho-Ping Power Company

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 8,131,023	\$ 7,115,395	\$ 5,917,290
Non-current assets	30,115,662	31,537,715	31,811,572
Current liabilities	(7,305,240)	(6,627,608)	(6,478,767)
Non-current liabilities	<u>(3,399,181)</u>	<u>(3,353,289)</u>	<u>(3,308,561)</u>
Equity	<u>\$ 27,542,264</u>	<u>\$ 28,672,213</u>	<u>\$ 27,941,534</u>
Equity attributable to:			
Owners of Ho-Ping Power Company	\$ 16,521,891	\$ 17,199,861	\$ 16,761,454
Non-controlling interests of Ho-Ping Power Company	<u>11,020,373</u>	<u>11,472,352</u>	<u>11,180,080</u>
	<u>\$ 27,542,264</u>	<u>\$ 28,672,213</u>	<u>\$ 27,941,534</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Operating revenue	<u>\$ 4,381,934</u>	<u>\$ 4,036,775</u>	<u>\$ 10,295,636</u>	<u>\$ 8,921,138</u>
Profit for the period	\$ 2,007,916	\$ 991,724	\$ 3,871,224	\$ 1,659,912
Other comprehensive income (loss) for the period	<u>1,145</u>	<u>-</u>	<u>(1,173)</u>	<u>54</u>
Total comprehensive income for the period	<u>\$ 2,009,061</u>	<u>\$ 991,724</u>	<u>\$ 3,870,051</u>	<u>\$ 1,659,966</u>
Profit attributable to:				
Owners of Ho-Ping Power Company	\$ 1,204,750	\$ 595,034	\$ 2,322,734	\$ 995,948
Non-controlling interests of Ho-Ping Power Company	<u>803,166</u>	<u>396,690</u>	<u>1,548,490</u>	<u>663,964</u>
	<u>\$ 2,007,916</u>	<u>\$ 991,724</u>	<u>\$ 3,871,224</u>	<u>\$ 1,659,912</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Total comprehensive income attributable to:				
Owners of Ho-Ping Power Company	\$ 1,205,437	\$ 595,034	\$ 2,322,030	\$ 995,980
Non-controlling interests of Ho-Ping Power Company	<u>803,624</u>	<u>396,690</u>	<u>1,548,021</u>	<u>663,986</u>
	<u>\$ 2,009,061</u>	<u>\$ 991,724</u>	<u>\$ 3,870,051</u>	<u>\$ 1,659,966</u>

(Concluded)

	For the Nine Months Ended September 30	
	2019	2018
Net cash inflow (outflow) from:		
Operating activities	\$ 4,863,117	\$ 2,714,145
Investing activities	(145,761)	(348,976)
Financing activities	<u>(4,429,205)</u>	<u>(2,914,950)</u>
Net cash inflow (outflow)	<u>\$ 288,151</u>	<u>\$ (549,781)</u>
Dividends paid to non-controlling interests of Ho-Ping Power Company	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2019	December 31, 2018	September 30, 2018
Investments in associates	<u>\$ 47,597,673</u>	<u>\$ 46,247,974</u>	<u>\$ 9,491,833</u>
Material associates			
Dutch OYAK TCC Holding B.V.	\$ 28,042,511	\$ 29,071,244	\$ -
Associates that are not individually material			
International CSRC Investment Holding Co., Ltd.	6,385,933	6,196,876	-
Prosperity Conch Cement Company Limited	5,495,760	4,744,772	4,270,519
CCC USA Corp.	1,770,342	1,625,444	801,610
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,683,597	1,664,696	1,594,535
E-ONE Moli Energy Corporation	1,553,177	635,495	599,309
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,060,635	876,910	828,870
ONYX Ta-Ho Environmental Services Co., Ltd.	703,425	786,226	700,051
TCC Recycle Energy Technology Company	341,049	-	-

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
Quon Hing Concrete Co., Ltd.	\$ 179,798	\$ 283,508	\$ 272,838
Hong Kong Concrete Co., Ltd.	187,810	217,105	223,402
Sichuan Taichang Building Material Group Company Limited	140,207	47,692	55,856
Chia Huan Tung Cement Corporation	42,808	44,646	82,457
Synpac Ltd.	7,108	6,991	6,927
Shih Hsin Storage & Transportation Co., Ltd.	3,513	46,369	51,013
Guigang TCC Donyuan Environmental Technology Limited	<u>-</u>	<u>-</u>	<u>4,446</u>
	<u>\$ 47,597,673</u>	<u>\$ 46,247,974</u>	<u>\$ 9,491,833</u> (Concluded)

Except for the financial statements of International CSRC Investment Holdings Co., Ltd., CCC USA Corp., and E-ONE Moli Energy Corporation., the financial statements of the remaining companies as of September 30, 2019 and 2018 have not been reviewed.

Refer to Note 33 for the amount of the Group's investment using the equity method as loan guarantee.

a. Material associates

	Proportion of Ownership		
	September 30, 2019	December 31, 2018	September 30, 2018
Dutch OYAK TCC Holding B.V.	40.0%	40.0%	-

Refer to information on investees for the nature of activities, principal place of business and country of incorporation of Dutch OYAK TCC Holdings B.V.

Dutch OYAK TCC Holdings B.V. is a joint venture company established by Taiwan Cement Dutch and Ordu Yardimlasma Kurumu which in November 2018, and the Group obtained 40% equity of the joint venture company to indirectly acquire cement investment projects in area such as Turkey. On December 31, 2018, the acquisition price allocation report had not been completed, but was done at the end of October 2019. Considering the depreciation and amortization amounts of the fair value of identifiable assets were not significant, the financial statements for the previous period were not restated.

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

Dutch OYAK TCC Holdings B.V

	September 30, 2019	December 31, 2018
Current assets	\$ 16,418,434	\$ 37,295,117
Non-current assets	59,049,791	35,469,096
Current liabilities	(12,004,610)	(11,451,405)
Non-current liabilities	(7,629,465)	(2,430,560)
Non-controlling interests	<u>(10,075,832)</u>	<u>(11,862,945)</u>
Equity attributable to the Group	<u>\$ 45,758,318</u>	<u>\$ 47,019,303</u> (Continued)

	September 30, 2019	December 31, 2018
Proportion of the Group's ownership	40.0%	40.0%
Equity attributable to the Group	\$ 18,303,327	\$ 18,807,721
Goodwill	<u>9,739,184</u>	<u>10,263,523</u>
Carrying amounts	<u>\$ 28,042,511</u>	<u>\$ 29,071,244</u> (Concluded)
	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Operating revenue	<u>\$ 4,938,663</u>	<u>\$ 10,998,556</u>
Net income (loss) for the period	\$ 65,207	\$ (418,222)
Other comprehensive income (loss)	<u>1,060,506</u>	<u>(390,525)</u>
Total comprehensive income (loss) for the period	<u>\$ 1,125,713</u>	<u>\$ (808,747)</u>

b. Aggregate information of associates that are not individually material

	Proportion of Ownership		
	September 30, 2019	December 31, 2018	September 30, 2018
International CSRC Investment Holding Co., Ltd.	19.2%	19.2%	-
Prosperity Conch Cement Company Limited	25.0%	25.0%	25.0%
CCC USA Corp.	33.3%	33.3%	33.3%
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%	30.0%
E-ONE Moli Energy Corporation	28.1%	29.9%	29.9%
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%	30.0%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%	50.0%
Quon Hing Concrete Co., Ltd.	50.0%	50.0%	50.0%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%	31.5%
Sichuan Taichang Building Material Group Company Limited	30.0%	30.0%	30.0%
Shih Hsin Storage & Transportation Co., Ltd.	-	18.9%	18.9%
Chia Huan Tung Cement Corporation	33.8%	33.8%	33.8%
Synpac Ltd.	25.0%	25.0%	25.0%
Guigang TCC Dong Yuan Environmental Technology Company Limited	-	-	40.0%
TCC Recycle Energy Technology Company	32.5%	-	-

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
The Group's share of:				
Net income for the period	\$ 695,147	\$ 589,468	\$ 2,070,207	\$ 1,663,716
Other comprehensive income (loss)	<u>(438,780)</u>	<u>(487,282)</u>	<u>93,238</u>	<u>(385,452)</u>
Total comprehensive income for the period	<u>\$ 256,367</u>	<u>\$ 102,186</u>	<u>\$ 2,163,445</u>	<u>\$ 1,278,264</u>

During the year ended December 31, 2018, the Group paid \$673,918 thousand and \$3,060,365 thousand to acquire shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd., respectively, and increased the Group's percentage of ownership from 15.1% to 29.9% and 12.5% to 19.2%, respectively. With a significant impact on the investee, the investments were reclassified to investments accounted for using the equity method.

E-ONE Moli Energy Corporation issued shares in January 2019. The Group paid \$943,391 thousand to acquire shares of E-ONE Moli Energy Corporation in January 2019, and decreased its percentage of ownership from 29.9% to 28.1% because the Group did not subscribe new shares issued by its investee according to the percentage of ownership interest.

TCC Recycle Energy Technology Company's board of directors has resolved on August 13, 2019 to increase its capital by issuing 100 million ordinary shares worth NT\$1.05 billion by cash at an issue price of NT\$10.5 per share. The board of directors of the Company resolved to further inject NT\$340,200 thousand.

The board of directors of both TCC Recycle Energy Technology Company and E-ONE Moli Energy Corp. have resolved to enter into a share swap agreement according to the Business Mergers and Acquisitions Act, under which TCC Recycle Energy Technology Company shall issue preferred shares A to convert into ordinary shares of E-ONE Moli Energy Corp. at the ratio of 1:1.

TCC Recycle Energy Technology Company increased its capital in September 2019. As the Group invested \$340,200 thousand which was not according to the percentage of ownership, its percentage of ownership decreased from 100% to 32.5%.

For the year ended December 31, 2018, the Group paid \$802,438 thousand to acquire shares of CCC USA Corp.

The Group's percentage of ownership in Shin-Hsin Storage & Transportation Co., Ltd. is less than 20%, but the Group has significant influence and accounts for the investment by using the equity method. However, the company was in the process of liquidation as at the end of June 2019.

In May 2019, HKC Investments Ltd. transferred 25,002 thousand shares of Chia Huan Tung Cement Corporation to Union Cement Traders Inc.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
Cost						
Balance at January 1, 2018	\$ 20,665,029	\$ 50,587,364	\$ 98,082,294	\$ 12,142,556	\$ 4,402,613	\$ 185,879,856
Additions	8,000	28,641	219,683	1,882,757	847,058	2,986,139
Disposals	-	(347,114)	(4,118,755)	(1,259,149)	-	(5,725,018)
Reclassification	(7,779)	13,217	455,759	(35,432)	(421,782)	3,983
Effects of exchange rate changes	-	(902,321)	(1,488,717)	19,111	(65,603)	(2,437,530)
Balance at September 30, 2018	<u>\$ 20,665,250</u>	<u>\$ 49,379,787</u>	<u>\$ 93,150,264</u>	<u>\$ 12,749,843</u>	<u>\$ 4,762,286</u>	<u>\$ 180,707,430</u>
Accumulated depreciation and impairment						
Balance at January 1, 2018	\$ 274,188	\$ 15,829,125	\$ 64,476,095	\$ 10,507,380	\$ 83,664	\$ 91,170,452
Disposals	-	(174,159)	(3,916,103)	(1,190,172)	-	(5,280,434)
Depreciation expenses	-	1,058,266	3,086,555	461,443	-	4,606,264
Reclassification	-	-	105,046	(105,046)	-	-
Effects of exchange rate changes	-	(249,257)	(830,086)	(11,033)	(2,376)	(1,092,752)
Balance at September 30, 2018	<u>\$ 274,188</u>	<u>\$ 16,463,975</u>	<u>\$ 62,921,507</u>	<u>\$ 9,662,572</u>	<u>\$ 81,288</u>	<u>\$ 89,403,530</u>
Carrying amounts at September 30, 2018	<u>\$ 20,391,062</u>	<u>\$ 32,915,812</u>	<u>\$ 30,228,757</u>	<u>\$ 3,087,271</u>	<u>\$ 4,680,998</u>	<u>\$ 91,303,900</u>
Cost						
Balance at January 1, 2019	\$ 20,665,249	\$ 49,617,176	\$ 93,508,387	\$ 12,720,984	\$ 5,296,642	\$ 181,808,438
Additions	11,277	39,620	804,723	3,403,054	1,709,414	5,968,088
Disposals	-	(74,152)	(366,154)	(2,257,826)	-	(2,698,132)
Reclassification	-	143,101	402,281	137,924	(618,843)	64,463
Effects of exchange rate changes	-	(882,365)	(1,439,104)	(19,577)	(110,022)	(2,451,068)
Balance at September 30, 2019	<u>\$ 20,676,526</u>	<u>\$ 48,843,380</u>	<u>\$ 92,910,133</u>	<u>\$ 13,984,559</u>	<u>\$ 6,277,191</u>	<u>\$ 182,691,789</u>
Accumulated depreciation and impairment						
Balance at January 1, 2019	\$ 274,188	\$ 16,786,251	\$ 63,935,522	\$ 9,636,947	\$ 81,705	\$ 90,714,613
Disposals	-	(22,212)	(316,481)	(1,969,538)	-	(2,308,231)
Depreciation expenses	-	1,103,179	3,149,083	454,554	-	4,706,816
Impairment loss	-	-	-	109,000	-	109,000
Reclassification	-	778	332,647	(333,425)	-	-
Effects of exchange rate changes	-	(276,357)	(876,904)	(24,060)	2,123	(1,179,444)
Balance at September 30, 2019	<u>\$ 274,188</u>	<u>\$ 17,591,639</u>	<u>\$ 66,223,867</u>	<u>\$ 7,873,478</u>	<u>\$ 79,582</u>	<u>\$ 92,042,754</u>
Carrying amounts at December 31, 2018 and January 1, 2019	<u>\$ 20,391,061</u>	<u>\$ 32,830,925</u>	<u>\$ 29,572,865</u>	<u>\$ 3,084,037</u>	<u>\$ 5,214,937</u>	<u>\$ 91,093,825</u>
Carrying amounts at September 30, 2019	<u>\$ 20,402,338</u>	<u>\$ 31,251,741</u>	<u>\$ 26,686,266</u>	<u>\$ 6,111,081</u>	<u>\$ 6,197,609</u>	<u>\$ 90,649,035</u>

The Group assessed that product related sales of property, plant and equipment for chemical department was not as good as expected, so it recognized NT\$109,000 thousand of impairment loss in the first three quarters of 2019. The Group calculated the value in use as the recoverable amount of this equipment with a discount rate of 16.5%.

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

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

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 33.

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

	For the Nine Months Ended September 30	
	2019	2018
Acquisitions of property, plant and equipment	\$ 5,968,088	\$ 2,986,139
Increase (decrease) in prepayments for equipment	415,973	(1,005,547)
Decrease in payables for equipment	<u>1,159</u>	<u>609,256</u>
	<u>\$ 6,385,220</u>	<u>\$ 2,589,848</u>

16. LEASE ARRANGEMENTS - 2019

a. Right-of-use assets

	September 30, 2019
<u>Carrying amounts</u>	
Land (Note)	\$ 11,739,758
Buildings	881,670
Machinery	197,737
Other	<u>49,783</u>
	<u>\$ 12,868,948</u>

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

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Additions to right-of-use assets	<u>\$ 114,965</u>	<u>\$ 4,378,436</u>
Depreciation charge for right-of-use assets		
Land	\$ 123,193	\$ 297,612
Buildings	43,651	121,632
Machinery	22,913	66,541
Other	<u>4,776</u>	<u>13,160</u>
	<u>\$ 194,533</u>	<u>\$ 498,945</u>

b. Lease liabilities

	September 30, 2019
<u>Carrying amounts</u>	
Current	<u>\$ 371,475</u>
Non-current	<u>\$ 2,035,534</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2019
Land	1.85%-4.90%
Buildings	1.85%-4.75%
Machinery	1.85%-2.00%
Other	1.76%-4.75%

c. Important tenancy activities and terms

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

d. Other lease information

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Expenses relating to short-term leases	<u>\$ 309,027</u>	<u>\$ 913,277</u>
Expenses relating to low-value asset leases	<u>\$ 80</u>	<u>\$ 198</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,226</u>	<u>\$ 1,511</u>
Total cash outflow for leases	<u>\$ (484,805)</u>	<u>\$ (1,270,530)</u>

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

17. INVESTMENT PROPERTIES

	September 30, 2019	December 31, 2018	September 30, 2018
Land	\$ 5,725,244	\$ 5,725,244	\$ 5,725,243
Buildings	<u>603,312</u>	<u>619,216</u>	<u>624,500</u>
	<u>\$ 6,328,556</u>	<u>\$ 6,344,460</u>	<u>\$ 6,349,743</u>

Except for depreciation, the Group did not recognize significant additions, disposals or impairment loss of investment properties during the nine months ended September 30, 2019 and 2018.

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

As of December 31, 2018 and 2017, the fair values of investment properties were \$14,865,003 thousand and \$14,853,688 thousand, respectively. Management of the Group has assessed such investment properties and determined that there were no significant changes in fair value as of December 31, 2018 and 2017 as compared to that of September 30, 2019 and 2018.

The investment properties pledged as collateral for bank borrowings are set out in Note 33.

18. INTANGIBLE ASSETS

	Goodwill	Operational Concession	Mining Rights	Others	Total
<u>Cost</u>					
Balance at January 1, 2018	\$ 11,876,957	\$ 7,681,476	\$ 3,215,101	\$ 1,189,793	\$ 23,963,327
Additions	-	-	48,860	5,152	54,012
Effects of exchange rate changes	(319,856)	-	(80,994)	(3,336)	(404,186)
Balance at September 30, 2018	<u>\$ 11,557,101</u>	<u>\$ 7,681,476</u>	<u>\$ 3,182,967</u>	<u>\$ 1,191,609</u>	<u>\$ 23,613,153</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2018	\$ -	\$ 906,666	\$ 1,210,061	\$ 993,976	\$ 3,110,703
Amortization expenses	-	113,333	126,316	53,602	293,251
Effects of exchange rate changes	-	-	(30,920)	(72)	(30,992)
Balance at September 30, 2018	<u>\$ -</u>	<u>\$ 1,019,999</u>	<u>\$ 1,305,457</u>	<u>\$ 1,047,506</u>	<u>\$ 3,372,962</u>
Carrying amounts at September 30, 2018	<u>\$ 11,557,101</u>	<u>\$ 6,661,477</u>	<u>\$ 1,877,510</u>	<u>\$ 144,103</u>	<u>\$ 20,240,191</u>
<u>Cost</u>					
Balance at January 1, 2019	\$ 11,988,345	\$ 7,681,476	\$ 3,199,099	\$ 1,194,509	\$ 24,063,429
Additions	-	-	96,456	10,964	107,420
Effects of exchange rate changes	(296,921)	-	(81,318)	(5,951)	(384,190)
Balance at September 30, 2019	<u>\$ 11,691,424</u>	<u>\$ 7,681,476</u>	<u>\$ 3,214,237</u>	<u>\$ 1,199,522</u>	<u>\$ 23,786,659</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2019	\$ 156,000	\$ 1,057,777	\$ 1,358,627	\$ 1,063,673	\$ 3,636,077
Amortization expenses	-	113,333	139,132	43,951	296,416
Effects of exchange rate changes	-	-	(35,637)	(4,423)	(40,060)
Balance at September 30, 2019	<u>\$ 156,000</u>	<u>\$ 1,171,110</u>	<u>\$ 1,462,122</u>	<u>\$ 1,103,201</u>	<u>\$ 3,892,433</u>
Carrying amounts at December 31, 2018 and January 1, 2019	<u>\$ 11,832,345</u>	<u>\$ 6,623,699</u>	<u>\$ 1,840,472</u>	<u>\$ 130,836</u>	<u>\$ 20,427,352</u>
Carrying amounts at September 30, 2019	<u>\$ 11,535,424</u>	<u>\$ 6,510,366</u>	<u>\$ 1,752,115</u>	<u>\$ 96,321</u>	<u>\$ 19,894,226</u>

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

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

19. PREPAYMENTS FOR LEASES - 2018

	December 31, 2018	September 30, 2018
Current (included in prepayments)	\$ 250,309	\$ 220,332
Non-current	<u>6,584,246</u>	<u>6,707,302</u>
	<u>\$ 6,834,555</u>	<u>\$ 6,927,634</u>

The above prepayments for leases were mainly for land use rights in China. The Group applied IFRS 16 "Leases" since 2019 and reclassified prepayments for leases to right-of-use assets. Refer to Note 16 for more information.

20. BORROWINGS

a. Short-term loans

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Secured borrowings</u>			
Bank loans	\$ 150,000	\$ 100,000	\$ 190,000
<u>Unsecured borrowings</u>			
Bank loans - unsecured	36,011,104	26,126,051	21,168,724
Bank loans - letters of credit	<u>774,632</u>	<u>-</u>	<u>1,112,850</u>
	<u>36,785,736</u>	<u>26,126,051</u>	<u>22,281,574</u>
	<u>\$ 36,935,736</u>	<u>\$ 26,226,051</u>	<u>\$ 22,471,574</u>
Interest rate range	0.82%-4.35%	0.80%-4.57%	0.82%-4.57%

b. Short-term bills payable

	September 30, 2019	December 31, 2018	September 30, 2018
Commercial paper	\$ 6,010,000	\$ 7,410,000	\$ 6,170,000
Less: Unamortized discount on bills payable	<u>5,759</u>	<u>7,786</u>	<u>5,591</u>
	<u>\$ 6,004,241</u>	<u>\$ 7,402,214</u>	<u>\$ 6,164,409</u>
Interest rate range	0.78%-1.24%	0.90%-1.24%	0.64%-1.24%

c. Long-term loans

	September 30, 2019	December 31, 2018	September 30, 2018
Secured borrowings	\$ 3,725,152	\$ 3,767,073	\$ 2,856,695
Unsecured borrowings	<u>25,718,500</u>	<u>22,788,845</u>	<u>42,501,034</u>
	<u>29,443,652</u>	<u>26,555,918</u>	<u>45,357,729</u>
Long-term bills payable	11,828,000	22,500,000	-
Less: Discount on bills payable	<u>24,100</u>	<u>23,120</u>	<u>-</u>
	<u>11,803,900</u>	<u>22,476,880</u>	<u>-</u>
	41,247,552	49,032,798	45,357,729
Less: Current portions	<u>700,757</u>	<u>1,923,945</u>	<u>9,302,047</u>
	<u>\$ 40,546,795</u>	<u>\$ 47,108,853</u>	<u>\$ 36,055,682</u>
Interest rate range			
Long-term loans	1.40%-3.66%	1.29%-3.99%	1.33%-3.92%
Long-term bills payable	1.32%-1.38%	1.25%-1.31%	-

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

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

The Group did not violate financial covenants of long-term loans and long-term bills payable for the nine months ended September 30, 2019.

21. BONDS PAYABLE

	September 30, 2019	December 31, 2018	September 30, 2018
Domestic unsecured bonds	\$ 24,600,000	\$ 12,000,000	\$ 12,000,000
Less: Discount on bonds payable	<u>57,530</u>	<u>23,156</u>	<u>23,556</u>
	<u>24,542,470</u>	<u>11,976,844</u>	<u>11,976,444</u>
Overseas unsecured convertible bonds	12,663,477	12,663,477	-
Less: Discount on bonds payable	<u>1,598,305</u>	<u>1,862,628</u>	<u>-</u>
	<u>11,065,172</u>	<u>10,800,849</u>	<u>-</u>
	<u>\$ 35,607,642</u>	<u>\$ 22,777,693</u>	<u>\$ 11,976,444</u>

a. Domestic unsecured bonds

Domestic unsecured bonds were issued on June 21, 2018, with a maturity of 15 years due on June 21, 2033. The bond's total amount is \$12,000,000 thousand and has a coupon rate of 1.7%, with bullet repayment and interest paid annually.

Domestic unsecured bonds were issued on June 14, 2019, with a maturity of 5 years due on June 14, 2024. The bond's total amount is \$12,600,000 thousand and has a coupon rate of 0.85%, with bullet repayment and interest paid annually.

b. Overseas unsecured convertible bonds

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

Bondholders may request the Corporation to convert the bonds into the Corporation's ordinary shares at NT\$41 per share on conversion date within the period from the date following the expiry of three months of the issuance date to 10 days prior to maturity. The conversion price after the issuance of convertible corporate bond will be adjusted according to the anti-dilution clause of the 2018 1st Overseas Unsecured Convertible Bonds Issuance and Conversion Rules of the Company. The conversion price has been adjusted from NT\$41 per share to NT\$35.49 per share since August 19, 2019, i.e. ex-dividend date. Bondholders can request the Corporation to convert the bonds at the fixed exchange rate of US\$1:NT\$30.878, which are to be divided by the conversion price per share on conversion date.

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

	September 30, 2019
Proceeds from issuance (less transaction costs of \$103,353 thousand)	\$ 12,247,847
Redemption of option derivatives (accounting for financial liabilities measured at FVTPL) and transaction costs	(159,222)
Equity component (less transaction costs allocated to the equity component of \$11,038 thousand)	<u>(1,308,070)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$90,971 thousand)	10,780,555
Interest charged at an effective interest rate of 3.27%	<u>20,294</u>
Liability component at December 31, 2018	10,800,849
Interest charged at an effective interest rate of 3.27%	<u>264,323</u>
Liability component at September 30, 2019	<u>\$ 11,065,172</u>

22. OTHER PAYABLES

	September 30, 2018	December 31, 2018	September 30, 2019
Salaries and bonuses payable	\$ 1,954,096	\$ 2,824,501	\$ 1,567,709
Taxes payable	968,326	2,555,872	1,058,488
Deposits and retention money	905,764	1,178,230	981,592
Payables for equipment	477,450	478,370	426,704
Freight payables	408,636	485,067	370,095
Payables for electricity	334,363	382,476	285,417
Interest payable	165,664	287,911	201,125
Fines payable	-	132,000	198,000
Others	<u>3,454,445</u>	<u>3,358,743</u>	<u>3,052,957</u>
	<u>\$ 8,668,744</u>	<u>\$ 11,683,170</u>	<u>\$ 8,142,087</u>

23. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the defined retirement benefit plans applied the respective actuarially determined annual pension cost discount rate as of December 31, 2018 and 2017 and was recognized in the following line items in its respective periods:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Operating costs	\$ 109	\$ 668	\$ 436	\$ 1,966
Operating expenses	<u>(271)</u>	<u>68</u>	<u>(960)</u>	<u>203</u>
	<u>\$ (162)</u>	<u>\$ 736</u>	<u>\$ (524)</u>	<u>\$ 2,169</u>

24. EQUITY

a. Share capital

1) Ordinary shares

	September 30, 2019	December 31, 2018	September 30, 2018
Number of shares authorized (in thousands)	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>
Shares authorized	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>5,465,619</u>	<u>5,108,060</u>	<u>5,108,060</u>
Shares issued	<u>\$ 54,656,192</u>	<u>\$ 51,080,599</u>	<u>\$ 51,080,599</u>

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

The Corporation's shareholders resolved to distribute share dividends of \$3,575,593 thousand and \$4,240,509 thousand in June 2019 and June 2018, which were approved by the FSC. The subscription base date were August 19, 2019 and August 1, 2018 as determined by the board of directors.

The Corporation's board of directors resolved to issue ordinary shares in the form of global depositary shares for the purpose of investing in overseas subsidiaries and to repay borrowings. The transaction was approved by the FSC under letter No. 10703258531 which was issued on July 25, 2018. The Corporation issued 87,500 units at US\$6.27 per share on the Luxembourg Stock Exchange, which amounted to a total of US\$548,625 thousand in August 2018. One global depositary share represents 5 ordinary shares, and the total global depositary shares represent 437,500 thousand ordinary shares. All outstanding global depositary shares were converted into ordinary shares as of September 30, 2019.

2) Preference shares

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

b. Capital surplus

	September 30, 2019	December 31, 2018	September 30, 2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)			
Issuance of ordinary shares	\$ 44,176,367	\$ 44,176,367	\$ 36,158,315
Conversion of bonds	1,520,632	1,520,632	1,520,632
Difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	466,778	466,755	466,755
Treasury share transactions	204,127	203,725	194,598
Donations	31,537	31,537	31,537
<u>May be used to offset a deficit only (Note 2)</u>			
Changes in percentage of ownership interests in subsidiaries	116,238	116,238	116,238
Forfeited share options	10,695	10,695	10,315
Dividends distributed by subsidiaries not yet received by shareholders	2,161	2,161	2,120
<u>May not be used for any purpose</u>			
Equity component of convertible bond	1,308,070	1,308,070	45,448
Changes in interests in associates accounted for using the equity method	<u>468,820</u>	<u>61</u>	<u>520</u>
	<u>\$ 48,305,425</u>	<u>\$ 47,836,241</u>	<u>\$ 38,546,478</u>

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

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

c. Retained earnings and dividend policy

Under the dividend policy as set in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of preference shares then dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employee benefits expense in Note 25c.

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

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

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

The appropriations of earnings for 2018 and 2017, which were approved in the shareholders’ general meeting in June 2019 and 2018, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share</u>	
	<u>For the Year Ended</u>		<u>(NT\$)</u>	
	<u>December 31</u>		<u>For the Year Ended</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Legal reserve	\$ 2,118,082	\$ 759,425		
Cash dividends on preference shares	18,219	-	\$ 0.09	\$ -
Cash dividends	16,856,367	6,360,764	\$ 3.30	\$ 1.50
			(Note)	
Share dividends	3,575,593	4,240,509	\$ 0.70	\$ 1.00
			(Note)	

Note: The number of ordinary shares outstanding was affected by the Corporation’s purchase of treasury shares which has not been transferred to employees. Therefore, the cash dividend was adjusted to \$3.31 per ordinary share and the share dividend was adjusted to \$0.7 per ordinary share.

d. Special reserve

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

The special reserve appropriated at the first-time adoption of IFRSs relating to investment in properties other than land may be reversed according to the period of use. The special reserve relating to land may be reversed upon disposal or reclassification. The special reserves were reversed \$0 and \$573 thousand for the nine months ended September 30, 2019 and 2018, respectively. The special reserve appropriated due to currency translation adjustments for financial statements of foreign operations (including subsidiaries) shall be reversed based on the Corporation’s disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence.

e. Other equity items

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

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ (5,037,221)	\$ (790,475)
Effect of change in tax rate	-	(328)
Recognized during the period		
Exchange differences on translating foreign operations	(3,701,956)	(4,334,858)
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>(1,257,019)</u>	<u>(387,168)</u>
Balance at September 30	<u>\$ (9,996,196)</u>	<u>\$ (5,512,829)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	<u>\$ 24,074,566</u>	<u>\$ 24,158,871</u>
Recognized during the period		
Unrealized gain - equity instruments	6,014,133	7,117,634
Share from associates accounted for using the equity method	128,936	-
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>681,779</u>
Other comprehensive income recognized in the period	<u>6,143,069</u>	<u>7,799,413</u>
Balance at September 30	<u>\$ 30,217,635</u>	<u>\$ 31,958,284</u>

3) Cash flow hedges

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 1,109	\$ -
Loss on changes in the fair value of hedging instruments		
Exchange rate risk - spot exchange rate	(704)	-
Share from associates accounted for using the equity method	<u>(1,109)</u>	<u>859</u>
Balance at September 30	<u>\$ (704)</u>	<u>\$ 859</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 15,837,946	\$ 16,315,377
Net income	1,185,672	1,091,388
Other comprehensive income (loss) in the period		
Effect of change in tax rate	-	1,029
Exchange differences on translating foreign operations	(7,866)	(18,793)
Unrealized gain on financial assets at FVTOCI	61,978	90,804
Loss on fair value changes of cash flow hedges	(469)	-
Dividends paid by subsidiaries	(2,222,426)	(2,161,016)
Organizational restructuring of subsidiaries	-	(49,150)
Disposal and acquisition of non-controlling interests in subsidiaries	<u>(146,303)</u>	<u>258,548</u>
Balance at September 30	<u>\$ 14,708,532</u>	<u>\$ 15,528,187</u>

g. Treasury shares

	(In Thousands of Shares)	
	For the Nine Months Ended September 30	
	2019	2018
Number of shares at January 1	70	-
Increase during the period	8,000	6,000
Transferred to employees	<u>(70)</u>	<u>-</u>
Number of shares at September 30	<u>8,000</u>	<u>6,000</u>

In February 2018, the Corporation's board of directors had resolved to buy back 6,000 thousand treasury shares for transferring to the employees, and they were fully executed in the same month. The average buy-back price per share was \$36.36 per share; the record date of employees' subscription was September 10, 2018. The Corporation had transferred 5,930 thousand shares to employees at the price of \$30.3 per share as of December 31, 2018. The Corporation has transferred 70 thousand shares to employees at the price of \$30.3 per share from January 1 to September 30, 2019. The record date of employee's subscription was on April 29, 2019. The Corporation had recognized the compensation costs of \$826 thousand on the grant day and recognized capital surplus - treasury shares transaction of \$402 thousand on the payment day. In May 2019, the Corporation's board of directors resolved to buy back 10,000 thousand treasury shares. The Corporation had brought back 8,000 thousand shares as of September 30, 2019. The execution has not been done as of July 2019 and the term has expired. In order to maintain shareholder's equity and consider the employee's willingness to subscribe the shares, 8,000 thousand shares were bought back and the average purchase price was \$43.62. The shares will be used for transfer to employees.

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

25. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
An analysis of depreciation by account				
Property, plant and equipment	\$ 1,657,486	\$ 1,535,427	\$ 4,706,816	\$ 4,606,264
Right-of-use assets	194,533	-	498,945	-
Investment properties	<u>5,337</u>	<u>5,454</u>	<u>16,071</u>	<u>17,510</u>
	<u>\$ 1,857,356</u>	<u>\$ 1,540,881</u>	<u>\$ 5,221,832</u>	<u>\$ 4,623,774</u>
An analysis of depreciation by function				
Operating costs	\$ 1,695,521	\$ 1,491,332	\$ 4,757,229	\$ 4,382,849
Operating expenses	161,620	49,225	463,960	238,792
Non-operating expenses	<u>215</u>	<u>324</u>	<u>643</u>	<u>2,133</u>
	<u>\$ 1,857,356</u>	<u>\$ 1,540,881</u>	<u>\$ 5,221,832</u>	<u>\$ 4,623,774</u>
An analysis of amortization by function				
Operating costs	\$ 95,737	\$ 82,719	\$ 257,980	\$ 254,522
Operating expenses	<u>12,629</u>	<u>12,209</u>	<u>38,436</u>	<u>38,729</u>
	<u>\$ 108,366</u>	<u>\$ 94,928</u>	<u>\$ 296,416</u>	<u>\$ 293,251</u>

b. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Retirement benefit plans				
Defined contribution plans	\$ 105,916	\$ 90,447	\$ 307,789	\$ 270,914
Defined benefit plan	<u>(162)</u>	<u>736</u>	<u>(524)</u>	<u>2,169</u>
	105,754	91,183	307,265	273,083
Share-based payments				
Equity-settled	826	45,448	826	45,448
Other employee benefits	<u>1,243,055</u>	<u>1,603,070</u>	<u>4,564,725</u>	<u>4,167,191</u>
	<u>\$ 1,349,635</u>	<u>\$ 1,739,701</u>	<u>\$ 4,872,816</u>	<u>\$ 4,485,722</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 665,271	\$ 1,220,101	\$ 3,018,926	\$ 3,170,793
Operating expenses	<u>684,364</u>	<u>519,600</u>	<u>1,853,890</u>	<u>1,314,929</u>
	<u>\$ 1,349,635</u>	<u>\$ 1,739,701</u>	<u>\$ 4,872,816</u>	<u>\$ 4,485,722</u>

c. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at the rates of 0.01%-3% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors for the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018. The employees' compensation and the remuneration of directors for said periods were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Employees' compensation	<u>\$ 17,058</u>	<u>\$ 13,387</u>	<u>\$ 51,175</u>	<u>\$ 40,160</u>
Remuneration of directors	<u>\$ 53,772</u>	<u>\$ 17,835</u>	<u>\$ 161,316</u>	<u>\$ 53,505</u>

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

The employees' compensation and remuneration of directors to be paid in cash for the years ended December 31, 2018 and 2017, which had been resolved by the board of directors in March 2019 and May 2018, respectively, were as follows:

	For the Year Ended December 31	
	2018	2017
Employees' compensation	<u>\$ 68,236</u>	<u>\$ 23,899</u>
Remuneration of directors	<u>\$ 215,088</u>	<u>\$ 66,305</u>

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest on bank borrowings	\$ 387,547	\$ 583,082	\$ 1,023,814	\$ 1,658,909
Interest on corporate bonds	167,490	51,419	448,887	57,008
Interest on lease liabilities	11,764	-	32,031	-
Other finance costs	<u>5,240</u>	<u>38,061</u>	<u>154,194</u>	<u>111,668</u>
	<u>\$ 572,041</u>	<u>\$ 672,562</u>	<u>\$ 1,658,926</u>	<u>\$ 1,827,585</u>

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Capitalized interest	<u>\$ 1,594</u>	<u>\$ 1,945</u>	<u>\$ 7,370</u>	<u>\$ 7,315</u>
Capitalization rate	1.05%-1.10%	0.94%-1.00%	1.05%-1.10%	0.94%-1.00%

26. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	\$ 1,884,993	\$ 1,826,573	\$ 4,992,463	\$ 4,784,682
Adjustments for prior periods	<u>(1,639)</u>	<u>7,072</u>	<u>(253,397)</u>	<u>26,841</u>
	<u>1,883,354</u>	<u>1,833,645</u>	<u>4,739,066</u>	<u>4,811,523</u>
Deferred tax				
In respect of the current period	(6,853)	42,900	215,096	296,647
Adjustments for deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>-</u>	<u>-</u>	<u>632,271</u>
	<u>(6,853)</u>	<u>42,900</u>	<u>215,096</u>	<u>928,918</u>
	<u>\$ 1,876,501</u>	<u>\$ 1,876,545</u>	<u>\$ 4,954,162</u>	<u>\$ 5,740,441</u>

The Income Tax Act in the Republic of China (“ROC”) was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. The effect of the change in tax rate on deferred tax expenses to be recognized in profit or loss is recognized in full in the period in which the change in the tax rate occurs. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings has been reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%, and tax rates used by other entities in the Corporation operating in other jurisdictions are based on the tax laws in those jurisdictions.

In July 2019, the President of the ROC approved the announcement of the amendments to the Statute of Industrial Innovation, which stipulated that the amounts of unappropriated earnings in 2018 and thereafter reinvested in certain assets or technologies above a specific amount are allowed as deduction when computing the income tax on unappropriated earnings. However, the related implementation rules are yet to be issued by the Ministry of Finance; thus, the Corporation could not estimate the effect on the current income tax.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Deferred tax				
Effect of change in tax rate				
Remeasurement of defined benefit plan	\$ -	\$ -	\$ -	\$ 7,433
Translation of foreign operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>328</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,761</u>

c. Income tax return assessments

The information of the years through which the income tax returns have been assessed for the group entities is as follows:

Year	Company
2017	Ta-Ho RSEA Environment Co., Ltd., Ho Sheng Mining Co., Ltd., Union Cement Traders Inc., TCC Investment Corporation, Taiwan Cement Engineering Corporation, E.G.C. Cement Corporation, Taiwan Transport & Storage Corporation, TCC Information Systems Corporation, Taiwan Prosperity Chemical Corporation, Tung Chen Mineral Corporation, Jin Chang Minerals Corporation, Hoping Industrial Port Corporation, HPC Power Service Corporation, Ho-Ping Power Company, Feng Sheng Enterprise Company, TCC Green Energy Corporation, Kuan-Ho Refractories Industry Corporation
2016	Taiwan Cement Corporation, TCC Chemical Corporation, Ta-Ho Maritime Corporation

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Basic earnings per share	<u>\$ 1.20</u>	<u>\$ 1.12</u>	<u>\$ 3.24</u>	<u>\$ 3.13</u>
Diluted earnings per share	<u>\$ 1.14</u>	<u>\$ 1.12</u>	<u>\$ 3.12</u>	<u>\$ 3.13</u>

The computation of earnings per share was adjusted retroactively for the issuance of stock grants. The basic and diluted earnings per share adjusted for the three months ended September 30, 2018 and the nine months ended September 30, 2018 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018
Basic earnings per share	<u>\$ 1.20</u>	<u>\$ 3.35</u>	<u>\$ 1.12</u>	<u>\$ 3.13</u>
Diluted earnings per share	<u>\$ 1.20</u>	<u>\$ 3.35</u>	<u>\$ 1.12</u>	<u>\$ 3.13</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Profit for the period attributable to owners of the Corporation (Note)	\$ 6,537,547	\$ 5,933,938	\$ 17,701,305	\$ 15,943,568
Effect of potentially dilutive ordinary shares:				
Interest on convertible bonds	<u>70,547</u>	<u>-</u>	<u>157,024</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 6,608,094</u>	<u>\$ 5,933,938</u>	<u>\$ 17,858,329</u>	<u>\$ 15,943,568</u>
<u>Number of shares (in thousands)</u>				
Weighted average number of ordinary shares in computation of basic earnings per share	5,457,619	5,289,692	5,462,410	5,097,247
Effect of potentially dilutive ordinary shares:				
Employees' compensation	1,291	977	1,811	1,261
Convertible bonds	<u>348,019</u>	<u>-</u>	<u>259,081</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>5,806,929</u>	<u>5,290,669</u>	<u>5,723,302</u>	<u>5,098,508</u>

Note: Preference share dividend of \$18,219 thousand was deducted.

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

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the nine months ended September 30, 2019, the Group acquired a portion of the shares of Ta-Ho Maritime Corporation, and the proportion of ownership was 94%.

For the nine months ended September 30, 2019

<u>Acquirer</u>	Taiwan Transport and Storage Corporation
<u>Acquiree</u>	Ta-Ho Maritime Corporation
Cash consideration paid	\$ (406)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>429</u>
Differences arising from equity transactions	<u>\$ 23</u>

<u>Acquirer</u>	Taiwan Transport and Storage Corporation
<u>Acquiree</u>	Ta-Ho Maritime Corporation

Line items adjusted for equity transactions

Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	<u>\$ 23</u>
--	--------------

The above transactions were accounted for as equity transactions since there was no change in the Group's control over these subsidiaries.

For the nine months ended September 30, 2018

During the nine months ended September 30, 2018, the Group acquired a portion of the shares of Ta-Ho Maritime Corporation and E.G.C. Cement Corporation, and increased its proportionate ownership interests from 92.3% to 94% and 95% to 100%, respectively. During the nine months ended September 30, 2018, the Group disposed of a portion of the shares of Taiwan Prosperity Chemical Corporation, and decreased its proportionate ownership interests from 52.5% to 42.5%.

Investor	Taiwan Transport and Storage Corporation	E.G.C. Cement Corporation	Taiwan Cement Corporation Taiwan	TCC Investment Corporation Taiwan	Total
Investee	Ta-Ho Maritime Corporation	E.G.C. Cement Corporation	Prosperity Chemical Corporation	Prosperity Chemical Corporation	Total
Cash consideration (paid) received	\$ (53,278)	\$ (9,958)	\$ 787,369	\$ 1,170	\$ 725,303
The proportionate share of subsidiaries' net assets' carrying amount transferred from (to) non-controlling interests	<u>53,483</u>	<u>10,044</u>	<u>(321,659)</u>	<u>(416)</u>	<u>(258,548)</u>
Differences arising from equity transactions	<u>\$ 205</u>	<u>\$ 86</u>	<u>\$ 465,710</u>	<u>\$ 754</u>	<u>\$ 466,755</u>

Investor	Taiwan Transport and Storage Corporation	E.G.C. Cement Corporation	Taiwan Cement Corporation Taiwan	TCC Investment Corporation Taiwan	Total
Investee	Ta-Ho Maritime Corporation	E.G.C. Cement Corporation	Prosperity Chemical Corporation	Prosperity Chemical Corporation	Total
Line items adjusted for equity transactions					
Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	<u>\$ 205</u>	<u>\$ 86</u>	<u>\$ 465,710</u>	<u>\$ 754</u>	<u>\$ 466,755</u>

The above transactions were accounted for as equity transactions since there was no change in the Group's control over these subsidiaries.

For the purpose of streamlining its investment structure, the Corporation's board of directors approved the merger with Kuan-Ho Construction & Development Corporation and TCC Chemical Corporation with TCC Chemical Corporation as the surviving company on January 1, 2018. Since the merger is considered as a group reorganization, the carrying amount method is taken as the applicable accounting policy.

<u>Acquirer</u>	TCC Chemical Corporation
<u>Acquiree</u>	Kuan-Ho Construction & Development
Cash consideration paid	\$ (107,663)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>49,150</u>
Differences arising from equity transactions	<u>\$ (58,513)</u>

<u>Acquirer</u>	TCC Chemical Corporation
<u>Acquiree</u>	Kuan-Ho Construction & Development
<u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (58,513)</u>

29. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the nine months ended September 30, 2019

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	\$ 26,226,051	\$ 10,656,519	\$ 53,166	\$ 36,935,736
Long-term borrowings (including expired within a year)	<u>26,555,918</u>	<u>2,778,218</u>	<u>109,516</u>	<u>29,443,652</u>
	<u>\$ 52,781,969</u>	<u>\$ 13,434,737</u>	<u>\$ 162,682</u>	<u>\$ 66,379,388</u>

For the nine months ended September 30, 2018

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	\$ 20,314,112	\$ 2,002,160	\$ 155,302	\$ 22,471,574
Long-term borrowings (including expired within a year)	<u>57,405,210</u>	<u>(12,895,181)</u>	<u>847,700</u>	<u>45,357,729</u>
	<u>\$ 77,719,322</u>	<u>\$ (10,893,021)</u>	<u>\$ 1,003,002</u>	<u>\$ 67,829,303</u>

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

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

September 30, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 11,065,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,653,357</u>	<u>\$ 11,653,357</u>

December 31, 2018

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 10,800,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,904,874</u>	<u>\$ 10,904,874</u>

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

1) Fair value hierarchy

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Domestic listed shares	\$ 224,473	\$ -	\$ -	\$ 224,473
Domestic emerging market shares	93,923	-	-	93,923
Mutual funds	<u>168,598</u>	<u>-</u>	<u>-</u>	<u>168,598</u>
	<u>\$ 486,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,994</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 6,785,543	\$ -	\$ -	\$ 6,785,543
Foreign listed shares	24,690,956	-	-	24,690,956
Domestic unlisted shares	-	-	6,694,452	6,694,452
Convertible preference shares	<u>54,714</u>	<u>-</u>	<u>-</u>	<u>54,714</u>
	<u>\$ 31,531,213</u>	<u>\$ -</u>	<u>\$ 6,694,452</u>	<u>\$ 38,225,665</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,940</u>	<u>\$ 4,940</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Domestic listed shares	\$ 220,787	\$ -	\$ -	\$ 220,787
Domestic emerging market shares	85,780	-	-	85,780
Mutual funds	<u>243,271</u>	<u>-</u>	<u>-</u>	<u>243,271</u>
	<u>\$ 549,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,838</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 6,282,884	\$ -	\$ -	\$ 6,282,884
Foreign listed shares	19,926,459	-	-	19,926,459
Domestic unlisted shares	-	-	5,865,710	5,865,710
Convertible preference shares	<u>-</u>	<u>-</u>	<u>51,375</u>	<u>51,375</u>
	<u>\$ 26,209,343</u>	<u>\$ -</u>	<u>\$ 5,917,085</u>	<u>\$ 32,126,428</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,460</u>	<u>\$ 139,460</u>

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Domestic listed shares	\$ 265,019	\$ -	\$ -	\$ 265,019
Domestic emerging market shares	92,159	-	-	92,159
Mutual funds	<u>243,232</u>	<u>-</u>	<u>-</u>	<u>243,232</u>
	<u>\$ 600,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600,410</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 10,320,394	\$ -	\$ -	\$ 10,320,394
Foreign listed shares	24,468,000	-	-	24,468,000
Domestic unlisted shares	-	-	6,292,192	6,292,192
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>729</u>	<u>729</u>
	<u>\$ 34,788,394</u>	<u>\$ -</u>	<u>\$ 6,292,921</u>	<u>\$ 41,081,315</u>

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

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

	For the Nine Months Ended September 30, 2019
Financial assets at FVTOCI	
Equity instrument investment	
Balance at January 1, 2019	\$ 5,917,085
Convertible preference shares transferred from Level 3 to Level 1 due to listing	(51,375)
Recognized in other comprehensive income	<u>828,742</u>
Balance at September 30, 2019	<u>\$ 6,694,452</u>
Financial liabilities at FVTPL	
Derivative instrument investment	
Balance at January 1, 2019	\$ 139,460
Recognized in loss	<u>(134,520)</u>
Balance at September 30, 2019	<u>\$ 4,940</u>

**For the Nine
Months Ended
September 30,
2018**

Financial assets at FVTOCI	
Equity instrument investment	
Balance at January 1, 2018	\$ 5,497,046
Additions	241,094
Recognized in other comprehensive income	623,722
Reclassification	(69,171)
Effect of exchange rate	<u>230</u>
Balance at September 30, 2018	<u>\$ 6,292,921</u>

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

- a) There were no quoted prices in active markets for put options and redemption options of ECB issued by the Corporation. Hence, the fair values of options are determined using the binomial option pricing model where the unobservable input is historical volatility. An increase in historical volatility used in isolation would result in an increase in the fair value. As of September 30, 2019 and December 31, 2018, the historical volatilities used were 21.27% and 29.22%, respectively.
- b) The Group measures the fair value of its investments on domestic and foreign unlisted shares by using the asset-based approach, the market approach, and the dividend discount model.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Comprehensive discount for lack of marketability and non-controlling interests	10%	10%	10%

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

	September 30, 2019	December 31, 2018	September 30, 2018
Comprehensive discount for lack of marketability and non-controlling interests			
1% increase	<u>\$ (24,147)</u>	<u>\$ (20,260)</u>	<u>\$ (23,917)</u>
1% decrease	<u>\$ 24,147</u>	<u>\$ 20,260</u>	<u>\$ 23,917</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Discount for lack of marketability	20%-30%	20%-30%	20%-30%

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

	September 30, 2019	December 31, 2018	September 30, 2018
Discount for lack of marketability			
1% increase	<u>\$ (3,582)</u>	<u>\$ (4,810)</u>	<u>\$ (5,586)</u>
1% decrease	<u>\$ 3,582</u>	<u>\$ 4,810</u>	<u>\$ 5,586</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Discount rate	6.6%	7.9%	7.6%
Dividend growth rate	1.4%	1.7%	1.9%
Discount for lack of marketability	10.0%	10.0%	10.0%

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

	September 30, 2019	December 31, 2018	September 30, 2018
Discount for lack of marketability			
1% increase	<u>\$ (46,664)</u>	<u>\$ (39,745)</u>	<u>\$ (40,706)</u>
1% decrease	<u>\$ 46,664</u>	<u>\$ 39,745</u>	<u>\$ 40,706</u>

c. Categories of financial instruments

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets</u>			
FVTPL			
Mandatorily classified at FVTPL	\$ 486,994	\$ 549,838	\$ 600,410
Financial assets measured at amortized cost			
(1)	122,675,514	121,340,092	113,868,699
Financial assets at FVTOCI			
Equity instruments	38,225,665	32,126,428	41,081,315
Hedging instruments	161,874	-	-
<u>Financial liabilities</u>			
FVTPL			
Held for trading	4,940	139,460	-
Financial liabilities at amortized cost (2)	136,672,570	124,930,847	102,074,216

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

The carrying amounts of the significant monetary assets and liabilities not denominated in the functional currency (including those eliminated on consolidation) at the end of reporting period are set out in Note 35.

The Group was mainly exposed to the USD.

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

	USD Impact		HKD Impact	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2019	2018	2019	2018
NTD	\$ (21,677)	\$ (21,727)	\$ -	\$ -
RMB	\$ (9,734)	\$ (11,446)	\$ 3,930	\$ 42
HKD	\$ 47,667	\$ 239,265	\$ -	\$ -

b) Interest rate risk

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

	September 30, 2019	December 31, 2018	September 30, 2018
Cash flow interest rate risk			
Financial assets	\$ 18,688,707	\$ 21,245,130	\$ 20,528,984
Financial liabilities	66,379,388	52,781,969	67,829,303

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

For the Group's portion of floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the nine months ended September 30, 2019 and 2018 would increase/decrease by \$56,066 thousand and \$61,587 thousand, respectively.

For the Group's portion of floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the nine months ended September 30, 2019 and 2018 would increase/decrease by \$199,138 thousand and \$203,488 thousand, respectively.

c) Other price risk

The Group was exposed to equity instruments and commodities price risk through its investments in equity securities and funds. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analyses

The sensitivity analyses were based on the exposure of equity instruments/commodities prices at the end of reporting period. If equity instruments/commodities prices of financial assets at FVTPL had been 5% higher/lower, profit or loss for the nine months ended September 30, 2019 and 2018 would increase/decrease by \$24,350 thousand and \$17,859 thousand, respectively. If equity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the nine months ended September 30, 2019 and 2018 would increase/decrease by \$1,911,283 thousand and \$2,054,066 thousand, respectively.

2) Credit risk

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

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

The Group transacted with a large number of customers from various industries and geographical locations. The Group continuously assessed the operations and financial condition of customers and monitored the collectability of accounts receivable. The Group also requires credit enhancements by bank guarantees or collaterals for certain customers or certain geographical locations.

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

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of September 30, 2019, December 31, 2018 and September 30, 2018, the amount of unused financing facilities were \$108,331,143 thousand, \$86,267,583 thousand and \$92,111,586 thousand, respectively.

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

September 30, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,417,077	\$ 12,711,251	\$ 2,617,891	\$ 83,305	\$ 60,370
Lease liabilities	54,972	93,747	468,330	1,730,467	2,594,644
Variable interest rate liabilities	4,334,065	26,345,633	7,716,385	28,620,571	1,207,209
Fixed interest rate liabilities	-	6,010,000	311,100	38,335,877	13,836,000
	<u>\$ 5,806,114</u>	<u>\$ 45,160,631</u>	<u>\$ 11,113,706</u>	<u>\$ 68,770,220</u>	<u>\$ 17,698,223</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 617,049</u>	<u>\$ 1,730,467</u>	<u>\$ 1,450,685</u>	<u>\$ 173,209</u>	<u>\$ 173,209</u>	<u>\$ 797,541</u>

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,766,327	\$ 14,583,921	\$ 1,925,461	\$ 44,177	\$ 21,504
Variable interest rate liabilities	13,576,888	11,553,847	3,755,077	25,393,791	724,696
Fixed interest rate liabilities	2,100,000	5,310,000	204,000	22,850,000	27,169,477
	<u>\$ 17,443,215</u>	<u>\$ 31,447,768</u>	<u>\$ 5,884,538</u>	<u>\$ 48,287,968</u>	<u>\$ 27,915,677</u>

September 30, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,189,495	\$ 12,323,146	\$ 1,622,605	\$ 53,994	\$ 17,972
Variable interest rate liabilities	4,886,459	13,552,558	14,318,897	38,010,282	176,218
Fixed interest rate liabilities	<u>660,000</u>	<u>3,550,000</u>	<u>2,164,000</u>	<u>816,000</u>	<u>14,040,000</u>
	<u>\$ 6,735,954</u>	<u>\$ 29,425,704</u>	<u>\$ 18,105,502</u>	<u>\$ 38,880,276</u>	<u>\$ 14,234,190</u>

e. Transfers of financial assets

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

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of September 30, 2019, December 31, 2018 and September 30, 2018, the face amounts of these unsettled bills receivable were \$1,584,170 thousand, \$2,906,763 thousand and \$2,239,178 thousand, respectively. The unsettled bills receivable will be due in 8 months, 9 months and 12 months, after September 30, 2019, December 31, 2018 and September 30, 2018, respectively. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the nine months ended September 30, 2019 and 2018, the Group did not recognized gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Name of the related parties and relationships

<u>Related Party</u>	<u>Relationship with the Group</u>
Onyx Ta-Ho Waste Clearance Co., Ltd.	Subsidiary of associates
OYAK Cement Portugal S.A.	Subsidiary of associates
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd.	Associates
Quon Hing Concrete Co., Ltd. (Quon Hing)	Associates
Prosperity Conch Cement Company Limited	Associates
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Baoshan Kungang & K. Wah Cement Construction Marterials Co., Ltd.	Associates

(Continued)

Related Party	Relationship with the Group
Hong Kong Concrete Co., Ltd.	Associates
E-ONE Moli Energy Corporation	Associates
International CSRC Investment Holdings Co., Ltd.	Associates (same key management personnel in the nine months ended 2018)
Dutch OYAK TCC Holding B.V.	Associates
Chia Hsin R.M.C. Corp.	Management personnel in substance
The Koo Foundation	Management personnel in substance
Chia Hsin Cement Corporation	Management personnel in substance
L'Hotel de Chine Corporation	Management personnel in substance
FDC International Hotels Corporation	Management personnel in substance
Jiangsu Union Cement Co., Ltd.	Management personnel in substance
Chia Hsin Property Management and Development Corp.	Management personnel in substance
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Group
China Hi-Ment Corporation	The Group acts as key management personnel
Rong Gong Enterprise Co.	The Group acts as key management personnel
O-Bank Co., Ltd.	The Group acts as key management personnel
Pan Asia Corp.	The Group acts as key management personnel
Ta-Ho Taitung Environment Co., Ltd.	The Group acts as key management personnel
Chinatrust Investment Co., Ltd.	Same key management personnel
Consolidated Resource Company	Same key management personnel
CSRC China (Maanshan) Corporation	Same key management personnel
CSRC China (Anshan) Corporation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd. (dissolved and closed in March 2019)	Same key management personnel
China (Chongqing) Corporation	Same key management personnel
Dr. Cecilla Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Continental Carbon India Ltd.	Same key management personnel
Linyuan Advanced Materials Technology Co., Ltd.	Same key management personnel
Fortune Quality investment Limited	Same key management personnel
Hualien County Ho-Ping Culture and Art Foundation	Same key management personnel
Sing Cheng Investment Co., Ltd.	Same key management personnel

(Concluded)

b. Operating transactions

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
<u>Sales</u>				
Management personnel in substance	\$ 141,367	\$ 121,560	\$ 357,569	\$ 365,649
Associates	127,140	67,331	338,914	232,348
The Group acts as key management personnel	47,975	49,108	138,476	142,862
Same key management personnel	44,143	34,277	125,378	118,833
Investors with significant influence over the Group	<u>39,976</u>	<u>14,092</u>	<u>114,426</u>	<u>45,067</u>
	<u>\$ 400,601</u>	<u>\$ 286,368</u>	<u>\$1,074,763</u>	<u>\$ 904,759</u>
<u>Purchases of goods and operating expenses</u>				
The Group acts as key management personnel	\$ 163,614	\$ 131,948	\$ 453,275	\$ 372,670
Associates	21,736	30,655	91,150	92,046
Same key management personnel	45,696	32,889	111,278	70,820
Others	<u>22,088</u>	<u>48,921</u>	<u>50,949</u>	<u>78,462</u>
	<u>\$ 253,134</u>	<u>\$ 244,413</u>	<u>\$ 706,652</u>	<u>\$ 613,998</u>

Notes receivable and accounts receivable from related parties were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Management personnel in substance			
Chia Hsin Cement Corporation	\$ 108,027	\$ 112,833	\$ 87,759
Others	<u>-</u>	<u>8,577</u>	<u>22,654</u>
	<u>108,027</u>	<u>121,410</u>	<u>110,413</u>
Associates			
Quon Hing	57,244	34,651	30,458
Others	<u>14,263</u>	<u>18,406</u>	<u>11,165</u>
	<u>71,507</u>	<u>53,057</u>	<u>41,623</u>
The Group acts as key management personnel			
China Hi-Ment Corporation	45,357	42,627	35,012
Others	<u>5,150</u>	<u>515</u>	<u>514</u>
	<u>50,507</u>	<u>43,142</u>	<u>35,526</u>
Investors with significant influence over the Group			
Goldsun Development & Construction Co., Ltd.	<u>41,108</u>	<u>40,887</u>	<u>10,899</u>
Same key management personnel	<u>23,371</u>	<u>13,122</u>	<u>10,548</u>
	<u>\$ 294,520</u>	<u>\$ 271,618</u>	<u>\$ 209,009</u>

Accounts payable to related parties (included in notes and accounts payable) were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
The Group acts as key management personnel	\$ 178,466	\$ 164,614	\$ 144,109
Associates	14,054	10,720	13,439
Same key management personnel	15,571	13,949	14,661
Management personnel in substance	4,064	5,833	2,172
Others	<u>-</u>	<u>4</u>	<u>-</u>
	<u>\$ 212,155</u>	<u>\$ 195,120</u>	<u>\$ 174,381</u>

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

c. Loans to related parties (included in other current assets)

	September 30, 2019	December 31, 2018	September 30, 2018
Associates			
Guigang TCC Donyuan Environmental Technology Limited	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 511,421</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2019	2018	2019
	2018	2019	2018
Interest revenue	<u>\$ -</u>	<u>\$ 4,569</u>	<u>\$ -</u>
	<u>\$ -</u>	<u>\$ 4,569</u>	<u>\$ 4,569</u>

TCC (Gui Gang) Cement Ltd.'s board of directors resolved to allot debentures convertible into shares in October 2018.

d. Other receivable from related parties (included in other current assets)

	September 30, 2019	December 31, 2018	September 30, 2018
The Group acts as key management personnel			
Ta-Ho Taitung Environment Co., Ltd	\$ 341,554	\$ -	\$ -
Associates	751	20,633	6,646
Management personnel in substance	23	3,231	983
Same key management personnel	<u>359</u>	<u>236</u>	<u>488</u>
	<u>\$ 342,787</u>	<u>\$ 24,100</u>	<u>\$ 8,117</u>

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

e. Endorsements and guarantees

Endorsements and guarantees provided by the Group

	September 30, 2019	December 31, 2018	September 30, 2018
Subsidiary of associates - OYAK Cement Portugal S.A.			
Amount endorsed	\$ 3,104,000	\$ 3,071,500	\$ -
Amount utilized	-	-	-
Liabilities recognized	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,104,000</u>	<u>\$ 3,071,500</u>	<u>\$ -</u>

f. Other payables to related parties

	September 30, 2019	December 31, 2018	September 30, 2018
Associates	\$ 4,758	\$ 4,073	\$ 4,017
Management personnel in substance	<u>5,459</u>	<u>2,819</u>	<u>122</u>
	<u>\$ 10,217</u>	<u>\$ 6,892</u>	<u>\$ 4,139</u>

The interest expenses on the borrowings of loans from Dutch OYAK TCC Holding B.V. were \$3,854 thousand and \$23,503 thousand for the three months ended September 30, 2019 and for the nine months ended September 30, 2019, respectively, and related expenses had been repaid by September 30, 2019.

g. Lease arrangements

Related Party Category	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2019	2018	2019	2018
Acquisition of right-of-use assets				
Management personnel in substance	<u>\$ 31,462</u>	<u>\$ -</u>	<u>\$ 51,767</u>	<u>\$ -</u>

Line Item	Related Party Category	September 30, 2019	December 31, 2018	September 30, 2018
Lease liabilities	Management personnel in substance	<u>\$ 45,678</u>	<u>\$ -</u>	<u>\$ -</u>

Related Party Category	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2019	2018	2019	2018
Interest expense				
Management personnel in substance	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 223</u>	<u>\$ -</u>

The lease contracts between the Group and related parties were based on market price and general terms of payment.

h. Compensation of key management personnel

The compensation of directors and other key management personnel for the nine months ended September 30, 2019 and 2018 was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term employee benefits	\$ 108,931	\$ 84,937	\$ 378,871	\$ 244,755
Post-employment benefits	1,678	1,106	4,152	15,882
Share-based payment	<u>-</u>	<u>45,448</u>	<u>826</u>	<u>45,448</u>
	<u>\$ 110,609</u>	<u>\$ 131,491</u>	<u>\$ 383,849</u>	<u>\$ 306,085</u>

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets at fair value through other comprehensive income (including current and non-current portion)	\$ 288,820	\$ 251,090	\$ 347,173
Property, plant and equipment	3,869,001	4,146,933	2,434,380
Investment accounted for using the equity method	62,954	75,332	-
Investment properties	865,004	876,670	278,679
Finance lease receivables (including current and non-current portion)	-	14,623,834	14,969,649
Pledged bank deposits			
Current (included in financial assets at amortized cost)	287,703	281,690	135,840
Non-current (included in other non-current assets)	<u>890,246</u>	<u>470,199</u>	<u>467,717</u>
	<u>\$ 6,263,728</u>	<u>\$ 20,725,748</u>	<u>\$ 18,633,438</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Name	September 30, 2019	December 31, 2018	September 30, 2018
The Corporation	\$ 195,004	\$ 388,405	\$ 422,351
Taiwan Prosperity Chemical Corporation	869,472	1,452,453	2,023,879
Ho-Ping Power Company	838,388	921,843	1,210,840

- b. As of September 30, 2018, the Corporation had issued bills of lading for finished goods in the amount of 286,000 tons as collateral for its credit facilities with financial institutions.
- c. The amounts of letters of guarantee granted and issued by the banks for the Group are as follows:

Name	September 30, 2019	December 31, 2018	September 30, 2018
The Corporation	\$ 22,120	\$ 22,120	\$ 40,220
Ho-Ping Power Company	1,148,000	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation	304,726	249,490	202,955
TCCI (Group)	659,462	248,924	88,116
Taiwan Transport & Storage Corporation	28,150	28,150	28,150

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

Company Name	Ta-Ho RSEA Environment Co., Ltd.
Factual background	In respect of the termination of the “Build-Own-Operate Agreement for Waste Incineration Plant” (the “BOO Agreement”) entered into by and between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government, the arbitration award decided on that Yunlin County Government shall pay Ta-Ho RSEA Environment Co., Ltd. \$1.5 billion before November 30, 2008 as a Phase I payment and the remainder as a Phase II payment in the aggregate amount of about \$1.44 billion (including \$1,387,000 thousand, US\$1,706 thousand and JPY307 thousand) before June 30, 2009, and Ta-Ho RSEA Environment Co., Ltd. shall transfer the assets under the BOO Agreement to the Yunlin County Government at the same time.
Amount in dispute (NT\$)	About \$2.94 billion.
Commencement date of litigation	The arbitration award was rendered on October 1, 2008.
Parties	Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government
Status	Ta-Ho RSEA Environment Co., Ltd. has applied for compulsory enforcement for the payment awarded by the arbitration and, thus far, has received the principal together with the interest in the amount of about \$3.54 billion (tax included). As for the dispute over the interest of about \$270,000 thousand between Ta-Ho RSEA Environment Co., Ltd. and Yunlin County Government, it is now under review of interlocutory appeal. If the order is in favor of Ta-Ho RSEA Environment Co., Ltd., the compulsory enforcement may be continued.

Company Name	Ta-Ho RSEA Environment Co., Ltd.
Factual background	<p>According to Article 10.5 of the “Build-Own-Operate Agreement for Waste Incineration Plant” (the “BOO Agreement”) entered into by and between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government, in the event that BOO Agreement is terminated due to an event attributable to the Yunlin County Government, the assets of the Linnei Factory shall be transferred to the Yunlin County Government.</p> <p>However, the Yunlin County Government has consistently refused to receive the assets of the Linnei Factory. Ta-Ho RSEA Environment Co., Ltd. has therefore managed Linnei Incinerator for and on behalf of the Yunlin County Government since the termination of the BOO Agreement on October 31, 2006. The management expenses have amounted to \$137,524 thousand as of December 31, 2017.</p> <p>The payment award rendered under the arbitration between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government is around \$2.9 billion excluding business tax. After the arbitration award, the Revenue Service Bureau of the Yunlin County advised that the income derived from the award was subject to business tax, which amounted to \$165,591 thousand.</p>
Amount in dispute (NT\$)	About \$303 million.
Commencement date of litigation	Arbitration request has been applied on February 15, 2019.
Parties	Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government
Status	Arbitral Tribunal had been established on May 22, 2019. On August 19, 2019, the second hearing was held and the case is now under review.

e. Ho-Ping Power Company

Company Name	Ho-Ping Power Company
Factual background	The Fair Trade Commission fined Ho-Ping Power Company \$1.35 billion for an alleged violation of Article 14 of the Fair Trade Act.
Amount in dispute (NT\$)	\$1.35 billion.
Commencement date of litigation	March 2013
Parties	Ho-Ping Power Company and the Fair Trade Commission
Status	<p>The Fair Trade Commission made a second administrative disposition in November 2013, which reduced the amount of the fine imposed on Ho-Ping Power Company to \$1,320,000 thousand.</p> <p>On June 30, 2015, the Supreme Administrative Court overruled the original judgment in favor of Ho-Ping Power Company and remanded the case for retrial to the Taipei High Administrative Court. On May 25, 2017, the Taipei High Administrative Court ruled in favor of Ho-Ping Power Company by ruling that “the original disposition and decision of administrative appeal, which determined that Ho-Ping Power Company committed concerted action, shall be dismissed.” On the appeal part of the participant Taiwan Power Company, the Supreme Administrative Court made the ruling of “Appeal Rejection” on September 6, 2018 (Ref. No. 107 Nian-Du-Cai-Zi-Di 1380). In the case of another appellant (the Fair Trade Commission), the Supreme Administrative Court overruled the original judgment by rendering the judgment (Ref. No. 107 Nian-Du-Pan-Zi 550) on the same day, and remanded the case to the Taipei High Administrative Court for retrial. The case is currently under review by the Taipei High Administrative Court (Ref. No. 107 Nian-Du-Su-Geng-Er-Zi 116).</p> <p>In accordance with the accounting conservatism principle, Ho-Ping Power Company recognized relevant losses in 2012 and all payments had been completed as of June 30, 2019. The outstanding fine was recognized by Ho-Ping Power Company under (i) other payables of \$132,000 thousand as of December 31, 2018 and (ii) other payables of \$198,000 thousand as of September 30, 2018.</p>

Company Name	Ho-Ping Power Company
Factual background	Taiwan Power Company filed a lawsuit against Ho-Ping Power Company at the Taipei High Administrative Court claiming for its losses of at least \$5.2 billion plus interest, which was then expanded to \$10.76 billion, and filed another civil litigation at the Taipei District Court claiming for \$5.5 billion.
Amount in dispute (NT\$)	About \$16 billion in total.
Commencement date of litigation	September 2015
Parties	Ho-Ping Power Company and Taiwan Power Company
Status	<ol style="list-style-type: none"> 1. There are 2 outstanding litigations against Taiwan Power Company: <ol style="list-style-type: none"> a) In September 2015, Ho-Ping Power Company received an administrative pleading submitted by Taiwan Power Company to the Taipei High Administrative Court, which was transferred to the Taiwan Taipei District Court in February 2017, and Taiwan Power Company expanded the claim amount to \$10.76 billion. According to the search result on the website maintained by Taiwan Judicial Yuan, Taiwan Taipei District Court dismissed this case on October 30, 2019 even though Ho-Ping Power Company has not received the judgement. b) In November 2015, Ho-Ping Power Company received a complaint of civil litigation brought by Taiwan Power Company at the Taipei District Court based on the same ground of the aforementioned administrative litigation. The case is currently under review by the Taipei District Court. 2. Taiwan Power Company filed a lawsuit against other independent power producers based on the same ground, which was overruled by the Taipei District Court in February and June 2018. Ho-Ping Power Company will report such court decision to the Taipei District Court to pursue a favorable judgment. 3. Given such situations, Ho-Ping Power Company considered the chance of losing the litigations is remote and, therefore, it did not recognize relevant losses.

- f. The board of directors of Ta-Ho Maritime Corporation had resolved to purchase three bulk carriers from Sumitomo Corporation on September 11, 2019. Ta-Ho Maritime Corporation entered into an agreement with Sumitomo Corporation for the purchase of two bulk carriers in the aggregate amount of US\$66,800 thousand, among which US\$6,680 thousand had been paid as of the issuance date of this report.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 135,343	31.040 (USD:NTD)	\$ 4,201,047
USD	39,211	7.127 (USD:RMB)	1,216,758
HKD	5,651,704	0.909 (HKD:RMB)	<u>892,384</u>
			<u>\$ 6,310,189</u>
Non-monetary items			
USD	57,263	7.127 (USD:RMB)	\$ 1,777,450
EUR	825,994	33.950 (EUR:NTD)	<u>28,042,511</u>
			<u>\$ 29,819,961</u>

Financial liabilities

Monetary items			
USD	48,049	31.040 (USD:NTD)	\$ 1,491,431
USD	219,801	7.840 (USD:HKD)	6,820,591
HKD	349,587	0.909 (HKD:RMB)	<u>1,383,667</u>
			<u>\$ 9,695,689</u>

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 124,083	30.715 (USD:NTD)	\$ 3,811,209
USD	17,928	6.868 (USD:RMB)	550,421
USD	20,572	7.830 (USD:HKD)	631,584
HKD	254,650	0.877(HKD:RMB)	<u>998,483</u>
			<u>\$ 5,991,697</u>
Non-monetary items			
EUR	825,888	35.200 (EUR:NTD)	<u>\$ 29,071,244</u>

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 31,302	30.715 (USD:NTD)	\$ 961,432
USD	328,705	7.830 (USD:HKD)	10,091,720
HKD	131,678	0.877 (HKD:RMB)	<u>516,308</u>
			<u>\$ 11,569,460</u> (Concluded)

September 30, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 157,715	30.525 (USD:NTD)	\$ 4,814,250
USD	46,722	6.886 (USD:RMB)	1,430,771
USD	2,716	7.850 (USD:HKD)	83,162
HKD	138,437	0.877 (HKD:RMB)	<u>540,042</u>
			<u>\$ 6,868,225</u>

Financial liabilities

Monetary items			
USD	68,742	30.525 (USD:NTD)	\$ 2,098,354
USD	979,375	7.850 (USD:HKD)	29,991,254
HKD	139,783	0.877 (HKD:RMB)	<u>545,293</u>
			<u>\$ 32,634,901</u>

For the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018, realized and unrealized net foreign exchange gains (losses) were \$(41,007) thousand, \$74,230 thousand, \$48,914 thousand and \$(136,169) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)

- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the share capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the share capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the share capital (Table 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
 - 9) Trading in derivative instruments (Notes 7 and 21)
 - 10) Intercompany relationships and significant intercompany transactions (Table 9)
 - 11) Information on investees (Table 7)
- b. Information on investments in mainland China (Table 8)
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services

37. SEGMENT INFORMATION

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

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

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

Segment revenue and results

	Segment Revenue		Segment Income	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2019	2018	2019	2018
Cement segment	\$ 66,266,188	\$ 65,966,462	\$ 15,904,274	\$ 16,806,853
Chemical engineering segment	8,175,324	11,835,610	(774,786)	343,265
Electricity segment	10,324,868	8,925,291	5,587,732	3,394,012
Other segments	2,795,498	2,929,991	338,438	485,654
	\$ 87,561,878	\$ 89,657,354	21,055,658	21,029,784
Share of profit of associates and joint ventures			1,802,135	1,663,716
Dividend income			1,452,262	1,247,451
Interest income			633,818	364,654
Net gain (loss) on disposal of property			107,208	(33,783)
Finance costs			(1,658,926)	(1,827,585)
Foreign exchange gains (losses), net			48,914	(136,169)
Administrative expenses and directors' remuneration			(161,316)	(53,505)
Net gain on financial assets and liabilities at fair value through profit and loss			146,924	50,276
Other income and expenses, net			432,681	470,558
Income before tax			\$ 23,859,358	\$ 22,775,397

Segment profit represented profit before tax earned by each segment without an allocation of central administrative expenses, directors' remuneration, the share of profit of associates and joint ventures accounted for using the equity method, dividend income, interest income, gain (loss) on the disposal of property, plant and equipment, finance costs, unrealized net foreign exchange losses, net profit of financial assets and liabilities at fair value through income and income tax expense.

38. SIGNIFICANT EVENTS AFTER REPORTING PERIODS

The board of directors of the subsidiary, TCC Green Energy Corporation, had resolved to actively participate in green energy development on November 12, 2019. It is expected to invest in the construction of a fishing-electric solar power plant in the central region with a total investment of around \$4.15 billion.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	TCC Chemical Corporation	Other receivables - related parties	Yes	\$ 300,000	\$ 300,000	\$ 300,000	1.52	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 866,327	\$ 866,327	
2	TCC Investment Corporation	Jin Chang Minerals Corporation	Other receivables - related parties	Yes	330,000	330,000	330,000	1.57	The need for short-term financing	-	Operating capital	-		-	1,239,882	1,239,882	
3	Taiwan Cement Engineering Corporation	TCC Chemical Corporation	Other receivables - related parties	Yes	200,000	200,000	200,000	1.54	The need for short-term financing	-	Operating capital	-		-	291,726	291,726	
4	TCC Green Energy Corporation	TCC KAO-CHENG Green Energy Corporation TCC LIAN-SHEN Green Energy Corporation	Other receivables - related parties Other receivables - related parties	Yes Yes	5,000 5,000	3,000 3,000	- -	- -	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -		- -	591,272 591,272	591,272 591,272	
5	TCCI	TCCIH	Other receivables - related parties	Yes	3,792,000	3,724,800	1,707,200	3.09	The need for short-term financing	-	Operating capital	-		-	86,677,804	173,355,608	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd. TCC Liaoning Cement Company Limited	Other receivables - related parties Other receivables - related parties	Yes Yes	942,552 1,074,509	870,760 992,666	- 992,666	- 3.05	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -		- -	13,346,926 13,346,926	26,693,852 26,693,852	
7	TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited Scitus Luzhou Concrete Co., Ltd. Guizhou Kong On Cement Company Limited TCC Anshun Cement Company Limited TCC Yingde Cement Co., Ltd. Scitus Naxi Cement Co., Ltd TCC Huaihua Cement Company Limited Scitus Luzhou Cement Co., Ltd. TCC Jingzhou Cement Company Limited	Other receivables - related parties Other receivables - related parties	Yes Yes Yes Yes Yes Yes Yes Yes Yes	1,357,275 94,255 306,329 471,276 471,276 471,276 942,552 1,319,573 706,914	1,253,894 87,076 282,997 435,380 435,380 435,380 870,760 1,219,064 653,070	- - - - - - - - 391,842	- - - - - - - - 3.48	The need for short-term financing The need for short-term financing	- - - - - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - - - - -		- - - - - - - - -	22,617,957 22,617,957 22,617,957 22,617,957 22,617,957 22,617,957 22,617,957 22,617,957 22,617,957	45,235,914 45,235,914 45,235,914 45,235,914 45,235,914 45,235,914 45,235,914 45,235,914 45,235,914	
8	TCC Yingde Cement Co., Ltd.	TCC (Hangzhou) Environmental Protection Technology Co., Ltd. TCC Jingzhou Cement Company Limited Scitus Naxi Cement Co., Ltd. TCC (Dong Guan) Cement Company Limited TCC Chongqing Cement Company Limited Guizhou Kaili Rui An Jian Cai Co., Ltd. Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties Other receivables - related parties	Yes Yes Yes Yes Yes Yes Yes	1,295,364 235,638 235,638 471,276 471,276 706,914 848,297	1,236,479 217,690 217,690 435,380 435,380 653,070 783,684	1,236,479 - - - - - -	3.48 - - - - - -	The need for short-term financing The need for short-term financing	- - - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - - -		- - - - - - -	21,447,863 21,447,863 21,447,863 21,447,863 21,447,863 21,447,863 21,447,863	42,895,726 42,895,726 42,895,726 42,895,726 42,895,726 42,895,726 42,895,726	

(Continued)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	\$ 942,552	\$ 870,760	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 21,447,863	\$ 42,895,726	
		TCC Guangan Cement Company Ltd.	Other receivables - related parties	Yes	942,552	870,760	-	-	The need for short-term financing	-	Operating capital	-		-	21,447,863	42,895,726	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	471,276	435,380	134,968	3.48	The need for short-term financing	-	Operating capital	-		-	21,447,863	42,895,726	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	235,638	217,690	174,152	3.48	The need for short-term financing	-	Operating capital	-		-	21,447,863	42,895,726	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	942,552	870,760	206,806	3.48	The need for short-term financing	-	Operating capital	-		-	21,447,863	42,895,726	
		TCC Shaoguan Cement Co., Limited	Other receivables - related parties	Yes	349,170	322,574	322,574	3.48	The need for short-term financing	-	Operating capital	-		-	21,447,863	42,895,726	
9	TCC Fuzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	235,638	217,690	-	-	The need for short-term financing	-	Operating capital	-		-	921,400	2,764,199	
		TCC New (Hangzhou) Management Company Limited	Other receivables - related parties	Yes	471,276	435,380	-	-	The need for short-term financing	-	Operating capital	-		-	921,400	2,764,199	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	329,893	304,766	130,614	3.48	The need for short-term financing	-	Operating capital	-		-	921,400	2,764,199	
10	TCCIH	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	251,205	239,699	239,699	-	The need for short-term financing	-	Operating capital	-		-	116,468,050	232,936,101	
11	Prime York Ltd.	Upper Value Investment Limited	Other receivables - related parties	Yes	205,428	201,858	201,858	-	The need for short-term financing	-	Operating capital	-		-	2,767,148	5,534,296	
12	Jurong TCC Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	471,276	435,380	-	-	The need for short-term financing	-	Operating capital	-		-	12,671,133	25,342,265	
		TCC Guangan Cement Company Ltd.	Other receivables - related parties	Yes	471,276	435,380	-	-	The need for short-term financing	-	Operating capital	-		-	12,671,133	25,342,265	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	706,914	653,070	-	-	The need for short-term financing	-	Operating capital	-		-	12,671,133	25,342,265	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	942,552	870,760	-	-	The need for short-term financing	-	Operating capital	-		-	12,671,133	25,342,265	
		TCC Chongqing Cement Company Limited	Other receivables - related parties	Yes	942,552	870,760	-	-	The need for short-term financing	-	Operating capital	-		-	12,671,133	25,342,265	
		TCC Huaihua Concrete Company Limited	Other receivables - related parties	Yes	141,383	130,614	34,830	3.48	The need for short-term financing	-	Operating capital	-		-	12,671,133	25,342,265	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	329,893	304,766	95,784	3.48	The need for short-term financing	-	Operating capital	-		-	12,671,133	25,342,265	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	329,893	304,766	282,997	3.48	The need for short-term financing	-	Operating capital	-		-	12,671,133	25,342,265	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	1,413,828	1,306,140	1,240,833	3.48	The need for short-term financing	-	Operating capital	-		-	12,671,133	25,342,265	
13	TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Other receivables - related parties	Yes	94,255	87,076	-	-	The need for short-term financing	-	Operating capital	-		-	7,601,333	15,202,665	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	141,383	130,614	-	-	The need for short-term financing	-	Operating capital	-		-	7,601,333	15,202,665	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	141,383	130,614	-	-	The need for short-term financing	-	Operating capital	-		-	7,601,333	15,202,665	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	130,614	43,538	3.48	The need for short-term financing	-	Operating capital	-		-	7,601,333	15,202,665	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	282,766	261,228	239,459	3.48	The need for short-term financing	-	Operating capital	-		-	7,601,333	15,202,665	
		TCC Chongqing Cement Company Limited	Other receivables - related parties	Yes	942,552	870,760	391,842	3.48	The need for short-term financing	-	Operating capital	-		-	7,601,333	15,202,665	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	706,914	653,070	653,070	3.48	The need for short-term financing	-	Operating capital	-		-	7,601,333	15,202,665	
14	TCC Guangan Cement Company Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	94,255	87,076	-	-	The need for short-term financing	-	Operating capital	-		-	3,983,275	7,966,550	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	130,614	87,076	3.48	The need for short-term financing	-	Operating capital	-		-	3,983,275	7,966,550	
		TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	471,276	435,380	261,228	3.48	The need for short-term financing	-	Operating capital	-		-	3,983,275	7,966,550	

(Continued)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
15	TCC Development Ltd	TCCIH	Other receivables - related parties	Yes	\$ 292,073	\$ 288,934	\$ 288,934	1.90	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 511,991	\$ 511,991	
16	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	63,167	62,069	62,069	-	The need for short-term financing	-	Operating capital	-	-	-	3,832,421	7,664,842	
17	TCC Chongqing Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	94,255	87,076	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,922,362	13,844,724	
		TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	117,819	108,845	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,922,362	13,844,724	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	141,383	130,614	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,922,362	13,844,724	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	235,638	217,690	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,922,362	13,844,724	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	235,638	217,690	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,922,362	13,844,724	
		TCC Guangan Cement Company Ltd.	Other receivables - related parties	Yes	471,276	435,380	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,922,362	13,844,724	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	130,614	43,538	3.48	The need for short-term financing	-	Operating capital	-	-	-	6,922,362	13,844,724	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	706,914	653,070	535,082	3.48	The need for short-term financing	-	Operating capital	-	-	-	6,922,362	13,844,724	
18	TCC New (Hangzhou) Management Company Limited	Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	37,702	34,830	-	-	The need for short-term financing	-	Operating capital	-	-	-	608,740	1,217,479	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	292,191	269,936	182,860	3.48	The need for short-term financing	-	Operating capital	-	-	-	608,740	1,217,479	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	259,202	239,459	191,567	3.48	The need for short-term financing	-	Operating capital	-	-	-	608,740	1,217,479	
19	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Company Limited	Other receivables - related parties	Yes	375,827	347,201	347,201	-	The need for short-term financing	-	Operating capital	-	-	-	985,291	1,970,583	
20	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	Other receivables - related parties	Yes	141,383	130,614	-	-	The need for short-term financing	-	Operating capital	-	-	-	643,428	1,286,856	
21	Ta-Ho Taitung Environment Co., Ltd.	Onyx Ta-Ho Energy Recovery Co., Ltd.	Other receivables - related parties	Yes	118,800	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	118,875	118,875	Note 2
22	Hong Konf Cement Co., Ltd	TCCIH	Other receivables - related parties	Yes	514,209	514,209	514,209	2.25	The need for short-term financing	-	Operating capital	-	-	-	828,061	1,656,122	
23	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	130,614	108,845	3.48	The need for short-term financing	-	Operating capital	-	-	-	3,782,815	7,565,630	
28	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	94,255	87,076	-	-	The need for short-term financing	-	Operating capital	-	-	-	2,722,913	5,445,825	
32	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	94,255	87,076	-	-	The need for short-term financing	-	Operating capital	-	-	-	2,531,677	5,063,355	

Note 1: "Financing Limits for Each Borrower" and "Aggregate Financing Limits":

A. For Taiwan Cement Corporation, financing limits are as follows:

- Where a business relationship exists, the individual financing limits were the total transaction amounts with the borrower and 20% of Taiwan Cement Corporation's net equity in the recent year.
- Where there is a need for a short-term financing facility, the individual financing limits were 20% of Taiwan Cement Corporation's net equity as stated in its latest financial statements.
- For the above items a and b, the aggregate financing limits were 40% of Taiwan Cement Corporation's net equity as stated in its latest financial statements.

B. The restrictions above in paragraph A, subparagraphs b and c shall not apply to inter-company loans of funds between foreign companies of which Taiwan Cement Corporation holds, directly or indirectly, 100% of the voting shares. The aggregate and individual financing limits for the companies were 200% and 100%, respectively, of the net equity of each company as stated in their respective latest financial statements. In addition, the aggregate and individual financing limits for TCC International Ltd. were 200% and 100%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for TCC Fuzhou Cement Co., Ltd. were 300% and 100%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for TCC New (Hangzhou) Management Company Limited were 600% and 300%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for Prosperity Minerals (China) Ltd. were 400% and 200%, respectively, of its net equity as stated in its latest financial statements.

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	Jin Chang Minerals Corporation	b	\$ 91,845,690	\$ 68,848	\$ 68,848	\$ 39,814	\$ 39,814	0.04	\$ 183,691,380	Yes	No	No	
		Ho Sheng Mining Co., Ltd.	b	91,845,690	99,884	99,884	99,884	99,884	0.05	183,691,380	Yes	No	No	
		Union Cement Traders Inc.	b	91,845,690	1,420,000	1,420,000	800,000	-	0.77	183,691,380	Yes	No	No	
		TCC Chemical Corporation	b	91,845,690	1,499,117	1,499,117	381,117	-	0.82	183,691,380	Yes	No	No	
		TCC Investment Corporation	b	91,845,690	2,570,000	2,570,000	1,720,000	-	1.40	183,691,380	Yes	No	No	
		TCCI	b	91,845,690	29,735,600	29,208,640	2,421,120	-	15.90	183,691,380	Yes	No	No	
		OYAK CEMENT PORTUGAL S.A.	f	91,845,690	3,160,000	3,104,000	-	-	1.69	183,691,380	No	No	No	
1	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	c	375,351	137,462	137,462	137,462	-	109.87	375,351	No	Yes	No	
2	TCC Green Energy Corporation	TCC Chemical Corporation	a	1,478,180	6,117	6,117	6,117	-	-	1,478,180	No	No	No	
3	TCCIH	Guizhou Kong On Cement Company Limited	b	58,234,025	319,160	313,504	-	-	-	116,468,050	Yes	No	Yes	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	b	58,234,025	632,000	620,800	-	-	0.53	116,468,050	Yes	No	Yes	
		Scitus Luzhou Cement Co., Ltd.	b	58,234,025	948,000	931,200	-	-	0.80	116,468,050	Yes	No	Yes	
		TCC Anshun Cement Company Limited	b	58,234,025	706,914	653,070	-	-	0.56	116,468,050	Yes	No	Yes	
		TCC Liaoning Cement Company Limited	b	58,234,025	943,914	885,870	-	-	0.76	116,468,050	Yes	No	Yes	
		TCC Fuzhou Cement Co., Ltd.	b	58,234,025	1,245,803	1,167,535	-	-	1.00	116,468,050	Yes	No	Yes	
		TCC Chongqing Cement Company Limited	b	58,234,025	1,913,571	1,817,685	-	-	1.56	116,468,050	Yes	No	Yes	
		Jurong TCC Cement Co., Ltd.	b	58,234,025	3,436,309	3,341,533	-	-	2.87	116,468,050	Yes	No	Yes	
		TCC Yingde Cement Co., Ltd.	b	58,234,025	2,774,372	2,285,898	-	-	1.96	116,468,050	Yes	No	Yes	
TCC Guangan Cement Company Ltd.	b	58,234,025	12,109,041	11,334,475	2,036,770	-	9.73	116,468,050	Yes	No	Yes			

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

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

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

(Continued)

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	<u>Ordinary shares</u>							
	Chien Kuo Construction Co., Ltd.	-	FVTPL - current	9,403	\$ 94,028	-	\$ 94,028	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	93,923	-	93,923	
	Chinatrust Financial Holding Co., Ltd.	-	FVTPL - current	3,576	73,658	-	73,658	
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	30,196	1,540,004	-	1,540,004	
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	62,421	864,525	-	864,525	
	CTCI Corporation	-	FVTOCI - current	9,054	377,566	-	377,566	
	Chia Hsin Cement Corporation	Directors	FVTOCI - current	27,419	500,405	-	500,405	
	O-Bank	The Corporation serves as director	FVTOCI - current	29,719	227,945	-	227,945	
	IBT II Venture Capital Corporation	-	FVTOCI - non-current	2,626	19,093	8.3	19,093	
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	FVTOCI - non-current	3,390	10,509	4.0	10,509	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	29,553	1,124,476	9.4	1,124,476	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	6,204	8,996	5.4	8,996	
	Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	45,983	3,969,687	6.6	3,969,687	
	Excel Corporation	-	FVTOCI - non-current	600	-	9.5	-	
	<u>Preference shares - convertible</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	2,956	31,480	-	31,480	
Taiwan Transport & Storage Corporation	<u>Ordinary shares</u>							
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,632	157,526	-	157,526	
TCC Investment Corporation	<u>Ordinary shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	21,934	168,233	-	168,233	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	11,941	165,377	-	165,377	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,334	152,094	-	152,094	7,000 thousand shares were pledged
	China Conch Venture Holdings Limited	-	FVTOCI - non-current	28,000	3,213,896	-	3,213,896	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,884	414,131	3.5	414,131	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	1	14	-	14	
	<u>Preference shares - convertible</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	2,182	23,234	-	23,234	
Ta-Ho Maritime Corporation	<u>Ordinary shares</u>							
	Prosperity Dielectrics Co., Ltd.	-	FVTPL - current	951	56,787	-	56,787	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	470,144	-	470,144	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	6,612	251,574	2.1	251,574	
Taiwan Cement Engineering Corporation	<u>Beneficiary certificates</u>							
	Capital Money Market Fund	-	FVTPL - current	2,930	47,391	-	47,391	
TCC Chemical Corporation	<u>Ordinary shares</u>							
	Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,626	226,671	-	226,671	
Taiwan Prosperity Chemical Corporation	<u>Ordinary shares</u>							
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	78,462	1,086,697	-	1,086,697	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Hoping Industrial Port Corporation	<u>Ordinary shares</u> Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	\$ 397,383	3.3	\$ 397,383	
E.G.C. Cement Corporation	<u>Beneficiary certificates</u> Nomura Global Short Duration Bond Fund Nomura Taiwan Money Market Fund UPAMC James Bond Money Market Fund Taishin 1699 Money Market Fund	- - - -	FVTPL - current FVTPL - current FVTPL - current FVTPL - current	2,367 2,467 1,205 2,588	25,552 40,358 20,190 35,107	- - - -	25,552 40,358 20,190 35,107	
	<u>Ordinary shares</u> Feng Yu United Engineering Company	-	FVTPL - current	30	-	0.1	-	
Union Cement Traders Inc.	<u>Ordinary shares</u> Taishin Financial Holding Co., Ltd. CTCI Corporation Chia Hsin Cement Corporation Videoland Inc.	- - Director of parent company -	FVTOCI - current FVTOCI - current FVTOCI - current FVTOCI - non-current	27,574 13,365 7,441 6,437	381,895 557,334 135,798 271,918	- - - 5.6	381,895 557,334 135,798 271,918	
TCCI (Group)	<u>Ordinary shares</u> Anhui Conch Cement Co., Ltd. Yargoan Co., Ltd.	- -	FVTOCI - non-current FVTOCI - non-current	116,568 19	21,477,060 -	- 12.5	21,477,060 -	

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

Note 2: Refer to Tables 7 and 8 for the information on investments in subsidiaries, associates and joint ventures.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustment (Note 1)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands) (Note 2)	Amount	Carrying Amount	Gain on Disposal		Shares	Amount
Taiwan Cement Corporation	Shares E-ONE Moli Energy Corporation	Investments accounted for using the equity method	-	Associates	48,127	\$ 523,197	50,313	\$ 503,133	13,576	\$ -	\$ -	\$ -	\$ (13,712)	84,864	\$ 1,012,618
	TCC Recycle Energy Technology Company	Investments accounted for using the equity method	-	Associates	-	-	32,500	341,200 (Note 3)	-	-	-	-	(151)	32,500	341,049
	Ta-Ho Taitung Environment Co., Ltd. (Note 4)	Investments accounted for using the equity method	-	The Group acts as key management personnel	37,100	297,188	-	-	-	341,554	341,554	-	44,366	37,100	-

Note 1: Including share of profit or loss of subsidiaries, equity adjustments, etc.

Note 2: The shares of capital reduction handled by E-ONE Moli Energy Corporation.

Note 3: TCC Recycle Energy Technology Company increased its capital in September 2019, but the Group did not simultaneously increase its investment in the capital. Thus, the Group's percentage of ownership in TCC Recycle Energy Technology Company decreased from 100% to 32.5%.

Note 4: At the end of September 2019, Ta-Ho Taitung Environment Co., Ltd. was in the process of liquidation.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note		
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total (Note 1)	
Taiwan Cement Corporation	Feng Sheng Enterprise Company	Subsidiary	Sales	\$ (310,940)	(2)	30 days	\$ -	-	\$ 74,221	17	Note 2	
	TCCIH	Subsidiary	Purchases	161,351	1	30 days	-	-	(26,307)	(3)	Note 2	
	HKCCL	Subsidiary	Service revenue	(345,196)	(3)	By contract	-	-	36,760	8	Note 2	
				Sales	(218,485)	(2)	65 days after the end of the day when shipment was made	-	-	56,198	13	Note 2
	E.G.C. Cement Corporation	Subsidiary	Sales	(287,165)	(2)	50 days after the end of the day when delivery was made	-	-	67,209	15	Note 2	
	Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Group	Sales	(114,426)	(1)	70 days	-	-	41,108	9		
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	396,693	3	30 days	-	-	(105,704)	(12)	Note 2	
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	451,480	4	60 days	-	-	(178,466)	(20)		
	Hoping Industrial Port Corporation	Subsidiary	Purchases	386,381	3	20 days	-	-	(41,912)	(5)	Note 2	
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	1,010,351	8	30 days	-	-	(199,168)	(22)	Note 2	
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	381,504	3	30 days	-	-	(85,678)	(9)	Note 2	
	Jin Chang Minerals Corporation	Subsidiary	Purchases	346,256	3	30 days	-	-	(197,402)	(22)	Note 2	
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	152,797	1	By contract	-	-	(60,591)	(7)	Note 2	
	Chia Hsin Cement Corporation	Director of the Corporation	Sales	(343,673)	(3)	65 days after the end of the day when delivery was made	-	-	108,027	24		
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	801,392	15	20 days	-	-	(77,569)	(48)	Note 2	
	HPC Power Service Corporation	The same parent company	Purchases	339,633	6	By contract	-	-	(75,301)	(46)	Note 2	
Hoping Industrial Port Corporation	Taiwan Cement Corporation	Parent company	Sales	(386,381)	(31)	20 days	-	-	41,912	34	Note 2	
	Ho-Ping Power Company	The same parent company	Sales	(801,392)	(65)	20 days	-	-	77,569	63	Note 2	
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	143,989	77	30 days	-	-	(13,357)	(88)	Note 2	
Feng Sheng Enterprise Company	Taiwan Cement Corporation	Parent company	Purchases	310,940	16	30 days	-	-	(74,221)	(100)	Note 2	
			Sales	(161,351)	(8)	30 days	-	-	26,307	100	Note 2	
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(396,693)	(39)	30 days	-	-	105,704	64	Note 2	
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(159,634)	(16)	By contract	-	-	23,684	14	Note 2	
	Hoping Industrial Port Corporation	The same parent company	Sales	(143,989)	(14)	30 days	-	-	13,357	8	Note 2	
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Sales	(1,010,351)	(48)	30 days	-	-	199,168	100	Note 2	
	THC International S.A.	Subsidiary	Rent expense	152,071	8	By negotiation	-	-	(58,261)	(95)	Note 2	
Taiwan Prosperity Chemical Corporation	Taiwan Transport & Storage Corporation	The same parent company	Purchases	159,634	2	By contract	-	-	(23,684)	(27)	Note 2	
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	345,196	100	By contract	-	-	(36,760)	(100)	Note 2	
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(381,504)	(89)	30 days	-	-	85,678	90	Note 2	
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(339,633)	(100)	By contract	-	-	75,301	100	Note 2	
THC International S.A.	Ta-Ho Maritime Corporation	Parent company	Rent revenue	(152,071)	(100)	By negotiation	-	-	58,261	100	Note 2	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	\$ (316,350)	(95)	By negotiation	\$ -	-	\$ 81,114	100	Note 2
Guigang Da-Ho Shipping Co., Ltd.	TCC Yingde Cement Co., Ltd. TCC (Guigang) Cement Ltd.	The same ultimate parent company The same ultimate parent company	Freight revenue	(213,095)	(24)	By negotiation	-	-	51,542	54	Note 2
			Freight revenue	(309,147)	(34)	By negotiation	-	-	40,814	43	Note 2
TCC (Guigang) Cement Ltd.	Da Tong (Guigang) International Logistics Co., Ltd. Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company The same ultimate parent company	Purchases	316,350	5	By negotiation	-	-	(81,114)	(25)	Note 2
			Purchases	309,147	5	By negotiation	-	-	(40,814)	(13)	Note 2
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	213,095	4	By negotiation	-	-	(51,542)	(3)	Note 2
HKCCL	Taiwan Cement Corporation Quon Hing Concrete Co., Ltd.	Parent company Associates	Purchases	218,485	84	65 days after the end of the day when shipment was made	-	-	(56,198)	(94)	Note 2
			Sales	(213,483)	(60)	By negotiation	-	-	57,244	64	
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	287,165	100	50 days after the end of the day when delivery was made	-	-	(67,209)	(99)	Note 2
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(346,256)	(100)	30 days	-	-	197,402	100	Note 2
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(152,797)	(15)	By contract	-	-	60,591	85	Note 2

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 2019

(In Thousands of New Taiwan Dollars)

Related Party	Company Name	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation (Note 2)	Parent company	\$ 105,704	5.0	\$ -	-	\$ 100,980	\$ -
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note 2)	Parent company	199,168	4.7	-	-	72,184	-
Jin Chang Minerals Corporation	Taiwan Cement Corporation (Note 2)	Parent company	197,402	2.7	-	-	148,508	-
Taiwan Cement Corporation	Chia Hsin Cement Corporation. Ta-Ho Taitung Environment Co., Ltd.	Directors Parent company has significant influence	108,027 341,554	4.1 Note 1	- -	- -	56,417 -	- -

Note 1: At the end of September 2019, Ta-Ho Taitung Environment Co., Ltd. was in the liquidation process, and other receivables from related parties is listed in other current assets.

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2019	December 31, 2018	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 33,774,761	\$ 33,774,761	1,100,876	100.00	\$ 96,830,433	\$ 9,225,427	\$ 9,225,427	Note 1
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	805,940	59.50	16,387,647	3,871,224	2,303,378	Note 1
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,498,861	585,066	585,047	Note 1
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	130,514	64.79	2,541,257	292,567	189,547	Note 1
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	992,173	992,173	116,791	40.00	1,103,475	(858,207)	(343,286)	Note 1
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,911,583	151,620	127,127	Note 1
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	107,355	100.00	3,967,870	171,000	171,000	Note 1
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining excavation	1,414,358	1,414,358	30,100	100.00	1,158,643	89,226	89,226	Note 1
	CCC USA Corporation	U.S.A.	Rubber raw materials	1,284,421	1,284,421	79	33.33	1,770,342	383,270	127,757	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	708,206	3,234	4,238	Note 1
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	30,176	50.00	703,425	560,839	280,419	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	441,594	86,069	82,015	Note 1
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	351,977	43,718	19,863	Note 1
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	1,510,842	240,000	100.00	1,047,386	45,105	70,819	Note 1
	Ta-Ho Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	37,100	100.00	-	44,366	44,366	Liquidation process was in progress
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	244,819	16,793	16,685	Note 1
	Ta-Ho RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	196,120	(6,473)	(4,311)	Note 1
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	371,971	54,277	45,947	Note 1
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	1,446,046	1,446,046	150,899	100.00	1,476,875	(52,458)	(52,458)	Note 1
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	176,039	37,454	37,454	Note 1
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	87,429	142,608	85,565	Note 1
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	108,778	17,998	9,115	Note 1
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	7,108	169	43	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,321	(32)	(31)	Note 1
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	Note 1
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	Note 1
	TCCIH	Cayman Islands	Investment holding	40,701,671	40,701,671	2,581,832	38.28	47,595,197	12,678,141	4,853,192	Note 1
	E-ONE Moli Energy Corporation	Taiwan	Manufacturing and sale of lithium battery	849,025	481,811	84,864	14.99	1,012,618	(86,183)	(12,723)	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	3,563,397	3,563,397	153,477	15.59	5,193,692	1,537,171	239,579	
	Taiwan Cement Dutch	Netherlands	Investment holding	29,470,972	29,470,972	831	100.00	28,397,672	(307,896)	(307,896)	Note 1
TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	341,200	-	32,500	100.00	341,049	(569)	(569)		
TCCMOLI	Singapore	Investment holding	310	-	10	100.00	310	-	-	Note 1	
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	300,913	300,507	58,805	29.19	1,144,991	292,567	85,387	Note 1
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	136,476	7,857	49.36	135,390	17,998	8,883	Note 1
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	87,463	87,463	8,746	12.74	16,161	(5,442)	(694)	Note 1
	Tai-Jie Transport & Storage Corporation	Taiwan	Transportation	25,000	-	2,500	100.00	24,995	(5)	(5)	Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2019	December 31, 2018	Shares/Units (In Thousands)	%	Carrying Amount			
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	\$ 219,450	\$ 219,450	21,945	100.00	\$ 936,428	\$ 56,825	\$ 56,825	Note 1
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	6,773	0.50	134,244	3,871,224	19,356	Note 1
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	10,528	658	0.23	6,217	(858,207)	(1,934)	Note 1
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	38	0.02	735	292,567	55	Note 1
	E-ONE Moli Energy Corporation	Taiwan	Manufacturing and sale of lithium battery	312,833	172,648	31,860	5.63	231,921	(86,183)	(4,777)	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	387,920	387,920	22,009	2.23	738,399	1,537,171	34,328	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	325,995	325,995	10,300	100.00	4,372,131	75,205	75,205	Note 1
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	23,679	30,952	-	-	621	(8,783)	(302)	Liquidation process was in progress
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	7,943	7,943	794	1.16	1,471	(5,442)	(63)	
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	51,758	2,296	2,296	Note 1
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	49,882	49,882	2,055	0.21	69,004	1,537,171	3,209	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	63,067	(858,207)	(19,620)	Note 1
	E-ONE Moli Energy Corporation	Taiwan	Manufacturing and sale of lithium battery	112,898	60,673	11,696	2.07	85,138	(86,183)	(1,753)	
E.G.C. Cement Corporation	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	84,248	110,128	-	-	2,207	(8,783)	(1,040)	Liquidation process was in progress
Union Cement Traders Inc.	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	26,165	34,203	-	-	685	(8,783)	(324)	Liquidation process was in progress
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	261	0.67	15,289	151,620	1,017	Note 1
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	27,554	2,552	13,625	19.85	25,176	(5,442)	(317)	
	E-ONE Moli Energy Corporation	Taiwan	Manufacturing and sale of lithium battery	298,046	161,605	30,703	5.42	223,500	(86,183)	(4,603)	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	281,806	281,806	11,464	1.16	384,838	1,537,171	17,894	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Taiwan	Renewable energy generation	1,000	1,000	100	100.00	1,000	-	-	Note 1
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation	Taiwan	Renewable energy generation	452,000	202,000	45,200	100.00	418,372	(5,445)	(5,445)	Note 1
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	25,000	2,500	100.00	22,646	(236)	(236)	Note 1
	TCC Lien-Shen Green Energy Corporation	Taiwan	Renewable energy generation	12,000	12,000	1,200	100.00	9,094	(273)	(273)	Note 1
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	5,000	500	100.00	2,463	(25)	(25)	Note 1
	TCC Kao-Cheng Green Energy Corporation	Taiwan	Renewable energy generation	12,000	12,000	1,200	100.00	9,907	(40)	(40)	Note 1
	TCC Nan-Chung Green Energy Corporation	Taiwan	Renewable energy generation	170,000	20,000	17,000	100.00	167,778	(175)	(175)	Note 1
	Chang-Wang Wind Power Co. Ltd.	Taiwan	Renewable energy generation	120,000	120,000	12,000	100.00	86,070	(33,599)	(33,599)	Note 1
	TCC Ping-Zhi Green Energy Corporation	Taiwan	Renewable energy generation	2,000	-	200	100.00	1,988	(12)	(12)	Note 1
	Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	84,345	61,737	21,310	100.00	3,301,570	36,005	36,005
Sheng Ho Maritime S.A.		Panama	Marine transportation	62,390	61,737	2	100.00	75,396	40,019	40,019	Note 1
Ta-Ho Maritime (Hong Kong) Limited		Hong Kong	Marine transportation	158,304	156,647	5,100	100.00	704,422	65,474	65,474	Note 1
Chi Ho Maritime S.A.		Panama	Marine transportation	202,070	199,955	7	100.00	204,057	8,371	8,371	Note 1
Ta-Ho Maritime (Singapore) Pte. Ltd.		Singapore	Marine transportation	3,104	3,072	100	100.00	75,582	622	622	Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2019	December 31, 2018	Shares/Units (In Thousands)	%	Carrying Amount			
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	\$ 176,095	\$ 174,449	100	50.00	\$ 179,798	\$ (70,715)	\$ (35,358)	Note 2
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	-	133,699	-	-	-	(5,442)	(768)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	27,001	26,749	129	31.50	187,810	(99,603)	(31,375)	
Taiwan Cement Dutch	Dutch OYAK TCC Holding B.V.	Netherlands	Holding company	29,152,614	29,152,614	100	40.00	28,042,511	(418,222)	(268,072)	

Note 1: All intercompany transactions have been eliminated upon consolidation.

Note 2: In May 2019, TCC International Ltd. (Group) transferred shares of Chia Huan Tung Cement Corporation to subsidiary Union Cement Trades Inc.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars)

A.

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of September 30, 2019 (Note 3)	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd. (Note 8)	Manufacturing and sale of cement	\$ 465,600	(b)	\$ 158,304	\$ -	\$ -	\$ 158,304	\$ -	60.00	\$ -	\$ -	\$ -	Note 6
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	504,400	(b)	284,986	-	-	284,986	(34,511)	100.00	(34,511)	856,027	-	Note 6
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facilities	155,200	(b)	87,688	-	-	87,688	(3,368)	100.00	(3,368)	275,526	-	Note 6
TCC Liuzhou Construction Materials Company Limited	Manufacturing and sale of slag powder	419,040	(b)	100,570	-	-	100,570	25,189	42.00	10,579	385,200	-	Note 6
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,896,576	(b)	4,934,149	-	-	4,934,149	3,295,571	100.00	3,295,571	23,896,406	-	Note 6
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	7,232,320	(b)	4,221,285	-	-	4,221,285	1,601,565	100.00	1,601,565	13,759,984	-	Note 6
TCC (Guangan) Cement Ltd.	Manufacturing and sale of cement	10,332,468	(b)	7,390,620	-	-	7,390,620	2,474,175	100.00	2,474,175	24,347,324	-	Note 6
Jiangsu TCC Investment Co., Ltd.	Investment	1,552,000	(b)	876,880	-	-	876,880	359,074	100.00	359,074	3,085,539	-	Note 6
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,862,279	(b)	3,371,972	-	-	3,371,972	1,680,555	100.00	1,680,555	14,482,003	-	Note 6
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,613,850	(b)	1,383,810	-	-	1,383,810	16,108	100.00	16,108	1,658,050	-	Note 6
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,764,330	(b)	3,471,078	-	-	3,471,078	253,780	100.00	253,780	7,579,841	-	Note 6
TCC Chongqing Cement Co., Ltd.	Manufacturing and sale of cement	3,662,720	(b)	2,648,375	-	-	2,648,375	1,214,229	100.00	1,214,229	7,846,357	-	Note 6
TCC Guangan Cement Company Ltd.	Manufacturing and sale of cement	2,389,770	(b)	1,734,992	-	-	1,734,992	766,623	100.00	766,623	4,578,011	-	Note 6
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	620,800	(b)	350,752	-	-	350,752	13,259	100.00	13,259	327,775	-	Note 6
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	630,112	(b)	284,021	-	-	284,021	(8,100)	65.00	(5,265)	517,832	-	Note 6
TCC New (Hangzhou) Management Company Limited	Operation management	248,320	(b)	140,301	-	-	140,301	(19,285)	100.00	(19,285)	177,328	-	Note 6
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,695,023	(b)	1,110,437	-	-	1,110,437	64,126	100.00	64,126	3,711,484	-	Note 6
TCC Shaoguan Cement Co., Limited	Manufacturing and sale of cement	1,241,600	(b)	1,106,576	-	-	1,106,576	(9,154)	100.00	(9,154)	1,973,250	-	Note 6
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,131,978	(b)	3,168,949	-	-	3,168,949	450,342	100.00	450,342	3,433,719	-	Note 6
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	404,550	(b)	5,801,052	-	-	5,801,052	236,608	100.00	236,608	2,857,837	-	Note 6
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	43,500	(b)	-	-	-	-	75,203	100.00	75,203	1,371,668	-	Note 6
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	43,500	(b)	-	-	-	-	2,394	100.00	2,394	52,755	-	Note 6
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	124,160	(b)	388,214	-	-	388,214	(4,547)	100.00	(4,547)	261,871	-	Note 6
TCC Yingde Mining Industrial Company Limited	Mining excavation	356,960	(b)	280,839	-	-	280,839	4,528	100.00	4,528	447,461	-	Note 6
TCC Guigang Mining Industrial Company Limited	Mining excavation	155,200	(b)	134,051	-	-	134,051	(6,381)	100.00	(6,381)	364,390	-	Note 6
Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	637,319	(b)	-	-	-	-	150,766	100.00	150,766	460,551	-	Note 6
Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	1,718,250	(b)	-	-	-	-	347,568	100.00	347,568	2,783,484	-	Note 6
Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	101,138	(b)	-	-	-	-	(1,619)	100.00	(1,619)	5,578	-	Note 6
Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	108,750	(b)	-	-	-	-	(8,037)	100.00	(8,037)	134,680	-	Note 6
TCEC (Yingde) Machine Co., Ltd. (Note 5)	Production and sale of cement machinery and assembly work	16,295	(a)	16,295	-	-	16,295	(1,188)	100.00	(1,188)	32,673	121,965	Note 6
Anshun Xin Tai Construction Materials Company Limited	Sand and gravel filtering and sale of ready-mixed concrete	65,250	(b)	94,319	-	-	94,319	(423)	100.00	(423)	64,537	-	Note 6
Fuzhou TCC Information Technology Co., Ltd. (Note 5)	Software product and equipment maintenance	3,104	(b)	3,106	-	-	3,106	2,617	100.00	2,617	9,872	39,372	Note 6
Da Tong (Guigang) International Logistics Co., Ltd. (Note 5)	Logistics and transportation	155,200	(b)	-	-	-	-	65,151	100.00	65,151	687,381	-	Note 6
Da Tong (Ying De) Logistics Co., Ltd. (Note 5)	Logistics and transportation	21,750	(b)	-	-	-	-	9,397	100.00	9,397	104,026	-	Note 6
Guigang Da-Ho Shipping Co., Ltd. (Note 5)	Marine transportation	17,400	(b)	-	-	-	-	42,569	100.00	42,569	366,370	-	Note 6
Prosperity Conch Cement Co., Ltd.	Manufacturing and sale of cement	2,523,000	(b)	2,259,570	-	-	2,259,570	3,596,745	25.00	899,186	5,495,760	-	
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,588,750	(b)	1,473,141	-	-	1,473,141	825,533	30.00	247,660	1,683,597	-	
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	1,794,723	(b)	713,362	-	-	713,362	716,524	30.00	214,957	1,060,635	-	
Sichuan Taichang Building Material Group Company Limited	Manufacturing and sale of cement	870,000	(b)	356,603	-	-	356,603	332,802	30.00	99,841	140,207	-	
Guangan Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	67,425	(b)	48,683	-	-	48,683	-	50.00	-	-	-	
Guigang TCC Donyuan Environmental Technology Limited	Dangerous waste treatment	508,950	(b)	508,950	-	-	508,950	(3,881)	95.20	(3,695)	517,550	-	Note 6
Beijing TCC Environment Technology Co., Ltd.	Technology development, business management and sales	26,100	(b)	-	26,100	-	26,100	(12,609)	100.00	(12,609)	14,050	-	Note 6
TCC (Hangzhou) Environment Technology Limited	Environment, cement, business management consulting	3,045,000	(b)	-	3,045,000	-	3,045,000	(45,419)	100.00	(45,419)	3,004,172	-	Note 6
Kaili TCC Environment Technology Co., Ltd.	Waste collection and treatment	13,050	(b)	-	13,050	-	13,050	(534)	100.00	(534)	12,550	-	Note 6
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	Technology development, business management and sales	9,570	(b)	-	9,570	-	9,570	34	55.00	19	9,596	-	Note 6

(Continued)

Accumulated Investment in Mainland China as of September 30, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$73,811,287	\$74,210,139	(Note 7)

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

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

Note 2: Including outward remittance from offshore subsidiaries.

Note 3: For TCC Yingde Cement Co., Ltd., TCC (Gui Gang) Cement Ltd., TCC Anshun Cement Company Limited, TCC Chongqing Cement Company Limited, Jurong TCC Cement Co., Ltd., Yingde Dragon Mountain Cement Co., Ltd. and TCC Huaihua Cement Co., Ltd. the carrying amounts and investment gains or losses are based on the reviewed financial statements, while all other entities are not.

Note 4: As of September 30, 2019, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

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

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

Note 7: The Corporation received a confirmation letter of Operation Headquarter from the Industrial Development Bureau of the MOEA in October 2016 stating that the Corporation is not limited by the restriction on the accumulated percentage or amount of investment in mainland China.

Note 8: Anhui King Bridge Cement Co., Ltd. had winded up their business and the relevant procedures are still under the process as of March 31, 2019.

B. Refer to Tables 1, 2, 5 and 9 for the information about significant transactions with investees in the mainland China either directly or indirectly through a third area.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			% of Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
0	Taiwan Cement Corporation	Feng Sheng Enterprise Company	1	Operating revenue	\$ 310,940	30 days	0.4
				Operating costs and expenses	161,351	30 days	0.2
		Taiwan Transport & Storage Corporation	1	Operating costs and expenses	396,693	30 days	0.5
				Payables to related parties	105,704	30 days	-
		Hoping Industrial Port Corporation	1	Operating costs and expenses	386,381	20 days	0.4
		Ho Sheng Mining Co., Ltd.	1	Operating costs and expenses	381,504	30 days	0.4
		Jin Chang Minerals Corporation	1	Operating costs and expenses	346,256	30 days	0.4
				Payables to related parties	197,402	30 days	0.1
		Kuan-Ho Refractories Industry Corporation	1	Operating costs and expenses	152,797	By contract	0.2
		TCCIH	1	Operating revenue	345,196	By contract	0.4
		HKCCL	1	Operating revenue	218,485	65 days after the end of the day when shipment was made	0.2
		Ta-Ho Maritime Corporation	1	Operating costs and expenses	1,010,351	30 days	1.2
				Payables to related parties	199,168	30 days	0.1
E.G.C. Cement Corporation	1	Operating revenue	287,165	50 days after the end of the day when delivery was made	0.3		
		Lease liability - non-current	273,302	By contract	0.1		
1	Ho-Ping Power Company	Hoping Industrial Port Corporation	3	Operating costs and expenses	801,392	20 days	0.9
		HPC Power Service Corporation	3	Operating costs and expenses	339,633	By contract	0.4
2	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Finance lease receivables	1,130,829	By contract	0.3
		Taiwan Transport & Storage Corporation	3	Other payables to related parties	300,000	By contract	0.1
		Taiwan Cement Engineering Corporation	3	Other payables to related parties	200,000	By contract	0.1
3	Taiwan Transport & Storage Corporation	Taiwan Prosperity Chemical Corporation	3	Operating revenue	159,634	By contract	0.2
		Hoping Industrial Port Corporation	3	Operating revenue	143,989	30 days	0.2
4	Jin Chang Minerals Corporation	TCC Investment Corporation	3	Other payables to related parties	330,000	By contract	0.1
5	THC International S.A.	Ta-Ho Maritime Corporation.	3	Operating revenue	152,071	By negotiation	0.2
6	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Gui Gang) Cement Ltd.	3	Operating revenue	316,350	By negotiation	0.4
7	Guigang Da-Ho Shipping Co., Ltd.	TCC (Gui Gang) Cement Ltd.	3	Operating revenue	309,147	By negotiation	0.4
		TCC Yingde Cement Co., Ltd.	3	Operating revenue	213,095	By negotiation	0.2

(Continued)

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

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

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

(Concluded)