

**Taiwan Cement Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2020 and 2019 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 March 31, 2020 and 2019, the related consolidated statements of comprehensive income, the related consolidated statements of changes in equity and cash flows for the three 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 Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 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 March 31, 2020 and 2019, the combined total assets of these non-significant subsidiaries were NT\$76,940,126 thousand and NT\$112,759,759 thousand, respectively, representing 21% and 31%, respectively, of the Group's consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of March 31, 2020 and 2019 were NT\$14,778,672 thousand and NT\$23,285,896 thousand, respectively, representing 10% and 15%, respectively, of the Group's consolidated total liabilities; for the three months ended March 31, 2020 and 2019, the net comprehensive gain (loss) of these subsidiaries were NT\$(17,973) thousand and NT\$337,388 thousand, respectively, representing 2% and 3%, 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 March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2020 and 2019 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 Chih-Ming Shao and Hui-Min Huang.

Chih-Ming Shao

Hui-Min Huang

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 12, 2020

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	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 33,747,714	10	\$ 53,572,620	15	\$ 57,474,854	16
Financial assets at fair value through profit or loss (Notes 4, 7 and 29)	442,509	-	502,005	-	520,052	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 29, 30 and 31)	4,665,973	1	7,180,745	2	6,757,937	2
Financial assets for hedging (Notes 4 and 9)	281,203	-	-	-	-	-
Financial assets at amortized cost (Notes 4, 6 and 31)	13,473,933	4	4,745,911	1	4,690,194	1
Notes receivable (Notes 4 and 10)	22,765,906	6	31,258,167	9	27,487,707	8
Accounts receivable (Notes 4, 10 and 11)	9,103,485	3	8,838,553	2	8,339,604	2
Notes and accounts receivable from related parties (Notes 4 and 30)	252,452	-	300,000	-	264,638	-
Other receivables (Note 4)	1,008,610	-	913,545	-	917,227	-
Inventories (Notes 4, 12 and 32)	8,504,002	2	8,132,977	2	10,077,503	3
Prepayments	2,751,436	1	1,790,795	1	3,127,561	1
Other current assets (Note 30)	1,085,563	-	910,672	-	992,125	-
Total current assets	98,082,786	27	118,145,990	32	120,649,402	33
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Notes 4, 8, 29 and 31)	36,074,411	10	36,120,339	10	31,241,143	8
Financial assets at amortized cost (Notes 4, 6, 29 and 31)	16,180,161	5	984,716	-	497,859	-
Investments accounted for using the equity method (Notes 4, 14 and 31)	47,007,645	13	47,631,870	13	47,175,766	13
Property, plant and equipment (Notes 4, 15, 24 and 31)	89,273,486	25	89,881,319	24	91,816,496	25
Right-of-use assets (Notes 4, 16, 24 and 30)	12,338,691	4	12,734,286	4	9,445,872	3
Investment properties (Notes 4, 17, 24 and 31)	5,468,639	2	6,322,209	2	6,339,107	2
Intangible assets (Notes 4, 18 and 24)	19,374,775	5	19,656,118	5	20,698,252	6
Prepayments for property, plant and equipment (Note 15)	3,702,292	1	2,992,315	1	3,107,116	1
Long-term finance lease receivables (Notes 4 and 11)	28,825,532	8	29,253,336	8	30,948,881	8
Net defined benefit assets (Note 4)	1,436,011	-	1,434,342	-	1,001,257	-
Other non-current assets (Note 4)	1,474,197	-	2,325,545	1	2,603,880	1
Total non-current assets	261,155,840	73	249,336,395	68	244,875,629	67
TOTAL	\$ 359,238,626	100	\$ 367,482,385	100	\$ 365,525,031	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Notes 19, 27 and 31)	\$ 31,805,225	9	\$ 30,445,048	8	\$ 33,817,378	9
Short-term bills payable (Note 19)	5,156,183	2	5,875,398	2	7,591,289	2
Financial liabilities at fair value through profit or loss (Notes 4, 7, 20 and 29)	-	-	-	-	46,826	-
Contract liabilities	4,764,361	1	5,041,554	1	4,998,875	2
Notes and accounts payable (Note 30)	7,037,205	2	7,427,013	2	7,844,113	2
Other payables (Notes 21 and 32)	8,020,734	2	10,990,611	3	10,135,457	3
Other payables to related parties (Note 30)	240,331	-	234,793	-	8,407,103	2
Current income tax liabilities (Note 4)	3,505,995	1	4,443,343	1	3,456,611	1
Lease liabilities (Notes 4, 16 and 30)	350,023	-	416,346	-	356,284	-
Long-term loans - current portion (Notes 19, 27 and 31)	3,198,714	1	1,624,138	1	78,667	-
Other current liabilities	96,749	-	34,499	-	132,850	-
Total current liabilities	64,175,520	18	66,532,743	18	76,865,453	21
NON-CURRENT LIABILITIES						
Bonds payable (Notes 4 and 20)	35,792,756	10	35,699,778	10	22,865,233	7
Long-term loans (Notes 19, 27 and 31)	25,778,768	7	30,553,035	8	18,977,703	5
Lease liabilities (Notes 4, 16 and 30)	1,944,905	1	2,073,806	1	2,115,963	1
Deferred income tax liabilities (Note 4)	11,622,501	3	11,588,934	3	11,391,839	3
Long-term bills payable (Note 19)	11,805,234	3	11,800,966	3	22,476,017	6
Net defined benefit liabilities (Note 4)	77,788	-	97,401	-	93,249	-
Other non-current liabilities	703,031	-	673,855	-	583,613	-
Total non-current liabilities	87,724,983	24	92,487,775	25	78,503,617	22
Total liabilities	151,900,503	42	159,020,518	43	155,369,070	43
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4 and 23)						
Share capital	56,656,192	16	56,656,192	15	53,080,599	14
Capital surplus	48,015,947	14	48,015,947	13	47,956,296	13
Retained earnings	68,725,701	19	65,626,033	18	65,540,562	18
Other equity	19,145,877	5	23,734,855	7	27,556,827	8
Treasury shares	(348,959)	-	(348,959)	-	(2,545)	-
Equity attributable to shareholders of the Corporation	192,194,758	54	193,684,068	53	194,131,739	53
NON-CONTROLLING INTERESTS (Note 23)	15,143,365	4	14,777,799	4	16,024,222	4
Total equity	207,338,123	58	208,461,867	57	210,155,961	57
TOTAL	\$ 359,238,626	100	\$ 367,482,385	100	\$ 365,525,031	100

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

(With Deloitte & Touche review report dated May 12, 2020)

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 March 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 30)	\$ 21,976,200	100	\$ 25,356,328	100
OPERATING COSTS (Notes 4, 12, 22, 24 and 30)	<u>16,195,489</u>	<u>73</u>	<u>18,868,464</u>	<u>74</u>
GROSS PROFIT	<u>5,780,711</u>	<u>27</u>	<u>6,487,864</u>	<u>26</u>
OPERATING EXPENSES (Notes 22, 24 and 30)				
Marketing	228,564	1	214,283	1
General and administrative	1,088,619	5	1,229,682	5
Research and development	<u>3,374</u>	<u>-</u>	<u>10,937</u>	<u>-</u>
Total operating expenses	<u>1,320,557</u>	<u>6</u>	<u>1,454,902</u>	<u>6</u>
INCOME FROM OPERATIONS	<u>4,460,154</u>	<u>21</u>	<u>5,032,962</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 14)	318,243	1	448,149	2
Interest income (Note 4)	294,427	1	184,613	1
Other income	224,882	1	409,432	2
Net gain (loss) on disposal of property, plant and equipment	(4,109)	-	89,831	-
Finance costs (Notes 4 and 24)	(526,077)	(2)	(535,879)	(2)
Other expenses (Note 24)	(36,782)	-	(125,453)	(1)
Foreign exchange gains (losses), net	62,634	-	(8,752)	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	<u>(59,496)</u>	<u>-</u>	<u>108,592</u>	<u>-</u>
Total non-operating income and expenses	<u>273,722</u>	<u>1</u>	<u>570,533</u>	<u>2</u>
INCOME BEFORE INCOME TAX	4,733,876	22	5,603,495	22
INCOME TAX EXPENSE (Notes 4 and 25)	<u>1,252,757</u>	<u>6</u>	<u>1,373,525</u>	<u>5</u>
NET INCOME	<u>3,481,119</u>	<u>16</u>	<u>4,229,970</u>	<u>17</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 March 31			
	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4 and 23)				
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	\$ (1,555,724)	(7)	\$ 5,870,606	23
Loss on hedging instruments (Note 9)	(192)	-	-	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	<u>(197,062)</u>	<u>(1)</u>	<u>126,904</u>	<u>1</u>
	<u>(1,752,978)</u>	<u>(8)</u>	<u>5,997,510</u>	<u>24</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(2,106,479)	(10)	3,242,657	13
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	<u>(745,406)</u>	<u>(3)</u>	<u>(640,040)</u>	<u>(3)</u>
	<u>(2,851,885)</u>	<u>(13)</u>	<u>2,602,617</u>	<u>10</u>
Other comprehensive income (loss) for the period	<u>(4,604,863)</u>	<u>(21)</u>	<u>8,600,127</u>	<u>34</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (1,123,744)</u>	<u>(5)</u>	<u>\$ 12,830,097</u>	<u>51</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ 2,999,822	14	\$ 3,951,920	16
Non-controlling interests	<u>481,297</u>	<u>2</u>	<u>278,050</u>	<u>1</u>
	<u>\$ 3,481,119</u>	<u>16</u>	<u>\$ 4,229,970</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Corporation	\$ (1,489,310)	(7)	\$ 12,470,174	49
Non-controlling interests	<u>365,566</u>	<u>2</u>	<u>359,923</u>	<u>2</u>
	<u>\$ (1,123,744)</u>	<u>(5)</u>	<u>\$ 12,830,097</u>	<u>51</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 March 31			
	2020		2019	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 26)				
Basic earnings per share	<u>\$0.55</u>		<u>\$0.72</u>	
Diluted earnings per share	<u>\$0.53</u>		<u>\$0.72</u>	

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

(With Deloitte & Touche review report dated May 12, 2020)

(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													Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total			
	Ordinary Shares	Preferred Shares		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments					
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	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(21,217)	(21,217)	
Net income for the three months ended March 31, 2019	-	-	-	-	-	3,951,920	3,951,920	-	-	-	-	3,951,920	278,050	4,229,970	
Other comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	(119)	(119)	2,573,536	5,944,552	285	-	8,518,254	81,873	8,600,127	
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	3,951,801	3,951,801	2,573,536	5,944,552	285	-	12,470,174	359,923	12,830,097	
Differences between consideration received and the carrying amount of subsidiaries' net assets during actual disposals	-	-	-	-	-	-	-	-	-	-	-	-	(152,430)	(152,430)	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	120,055	-	-	-	-	-	-	-	-	120,055	-	120,055	
BALANCE, MARCH 31, 2019	<u>\$ 51,080,599</u>	<u>\$ 2,000,000</u>	<u>\$ 47,956,296</u>	<u>\$ 14,784,534</u>	<u>\$ 13,049,062</u>	<u>\$ 37,706,966</u>	<u>\$ 65,540,562</u>	<u>\$ (2,463,685)</u>	<u>\$ 30,019,118</u>	<u>\$ 1,394</u>	<u>\$ (2,545)</u>	<u>\$ 194,131,739</u>	<u>\$ 16,024,222</u>	<u>\$ 210,155,961</u>	
BALANCE, JANUARY 1, 2020	\$ 54,656,192	\$ 2,000,000	\$ 48,015,947	\$ 16,902,616	\$ 13,049,062	\$ 35,674,355	\$ 65,626,033	\$ (11,660,261)	\$ 35,395,116	\$ -	\$ (348,959)	\$ 193,684,068	\$ 14,777,799	\$ 208,461,867	
Net income for the three months ended March 31, 2020	-	-	-	-	-	2,999,822	2,999,822	-	-	-	-	2,999,822	481,297	3,481,119	
Other comprehensive loss for the three months ended March 31, 2020	-	-	-	-	-	-	-	(2,844,668)	(1,644,348)	(116)	-	(4,489,132)	(115,731)	(4,604,863)	
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	2,999,822	2,999,822	(2,844,668)	(1,644,348)	(116)	-	(1,489,310)	365,566	(1,123,744)	
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	99,846	99,846	-	(99,846)	-	-	-	-	-	
BALANCE, MARCH 31, 2020	<u>\$ 54,656,192</u>	<u>\$ 2,000,000</u>	<u>\$ 48,015,947</u>	<u>\$ 16,902,616</u>	<u>\$ 13,049,062</u>	<u>\$ 38,774,023</u>	<u>\$ 68,725,701</u>	<u>\$ (14,504,929)</u>	<u>\$ 33,650,922</u>	<u>\$ (116)</u>	<u>\$ (348,959)</u>	<u>\$ 192,194,758</u>	<u>\$ 15,143,365</u>	<u>\$ 207,338,123</u>	

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

(With Deloitte & Touche review report dated May 12, 2020)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,733,876	\$ 5,603,495
Adjustments for:		
Depreciation expenses	1,698,707	1,660,066
Amortization expenses	100,106	93,764
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	59,496	(108,592)
Finance costs	526,077	535,879
Interest income	(294,427)	(184,613)
Share of profit of associates and joint ventures	(318,243)	(448,149)
Loss (gain) on disposal of property, plant and equipment, net	4,109	(89,831)
Gain on disposal of investments, net	-	(114,717)
Reversal of write-downs of inventories	(20,760)	(30,440)
Unrealized gain on foreign exchange, net	(47,145)	(1,277)
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	-	45,796
Notes receivable	8,226,029	3,017,884
Accounts receivable	(238,927)	(115,069)
Notes and accounts receivable from related parties	47,494	7,938
Other receivables	(105,972)	3,522
Inventories	(428,838)	(444,615)
Prepayments	(943,863)	(321,139)
Other current assets	(169,799)	(380,758)
Contract liabilities	(258,106)	(197,021)
Notes and accounts payable	(354,286)	(75,622)
Other payables	(2,576,449)	(1,515,836)
Other payables to related parties	5,538	1,798
Other current liabilities	62,222	18,053
Net defined benefit liabilities	(21,282)	(118,875)
Cash generated from operations	9,685,557	6,841,641
Income tax paid	(2,077,089)	(1,942,824)
Net cash generated from operating activities	<u>7,608,468</u>	<u>4,898,817</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at fair value through other comprehensive income	1,025,706	-
Purchase of financial assets at amortized cost	(24,339,095)	(2,007,751)
Acquisition of investments accounted for using the equity method	-	(943,391)
Payments for property, plant and equipment	(2,025,760)	(1,483,673)
Proceeds from disposal of property, plant and equipment	885	372,865
Payments for intangible assets	(6,063)	(3,350)

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TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
Decrease in finance lease receivables	\$ 427,804	\$ 2,915
Decrease (increase) in other non-current assets	807,477	(524,150)
Interest received	306,438	205,282
Dividends received	<u>-</u>	<u>70,668</u>
Net cash used in investing activities	<u>(23,802,608)</u>	<u>(4,310,585)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	1,269,398	7,590,533
Increase in long-term loans	-	1,117,005
Repayments of long-term loans	(3,254,694)	(8,662,690)
Increase (decrease) in short-term bills payable	(719,215)	189,075
Increase in other payables to related parties	-	8,398,413
Repayments of the principal portion of lease liabilities	(121,725)	(96,539)
Increase (decrease) in other non-current liabilities	31,823	(195,789)
Cash dividends paid	-	(21,217)
Interest paid	<u>(261,439)</u>	<u>(565,312)</u>
Net cash generated from (used in) financing activities	<u>(3,055,852)</u>	<u>7,753,479</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(293,711)</u>	<u>625,254</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,543,703)	8,966,965
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>53,572,620</u>	<u>48,507,889</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 34,028,917</u>	<u>\$ 57,474,854</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as at March 31, 2020 and 2019:

	March 31	
	2020	2019
Cash and cash equivalents in the consolidated balance sheets	\$ 33,747,714	\$ 57,474,854
Cash and cash equivalents included in financial assets for hedging	<u>281,203</u>	<u>-</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 34,028,917</u>	<u>\$ 57,474,854</u>

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

(With Deloitte & Touche review report dated May 12, 2020)

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (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, land-to-the-tiller policy. The Corporation engages in the manufacture and marketing of cement, cement-related products and ready-mixed concrete. The Corporation’s shares have been listed on the Taiwan Stock Exchange since February 1962.

The 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 May 12, 2020.

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

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

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

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

New IFRSs	Effective Date Issued by IASB (Note)
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
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2020

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

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

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

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

Except for the above impact, as of the date the 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 by 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 and associates in other countries that use currencies that are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; 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 the 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 by 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, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The 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 had that associate 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.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its fair value at the commencement of owner-occupation.

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

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.

1. 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.

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

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

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

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.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the 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.

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

The 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.

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

2) Equity instruments

Debt and equity instruments issued by 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.

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 other 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

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.

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.

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 carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, 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 are 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

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand	\$ 7,956	\$ 8,219	\$ 9,171
Checking accounts and demand deposits	22,459,746	25,276,394	35,163,049
Cash equivalents			
Time deposits with original maturities of less than 3 months	8,053,026	26,459,579	21,413,483
Bonds with repurchase agreements	<u>3,226,986</u>	<u>1,828,428</u>	<u>889,151</u>
	<u>\$ 33,747,714</u>	<u>\$ 53,572,620</u>	<u>\$ 57,474,854</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Cash in banks	0.01%-2.80%	0.01%-4.40%	0.01%-3.90%
Bonds with repurchase agreements	0.36%-1.45%	0.45%-0.60%	0.43%-2.72%

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

	March 31, 2020	December 31, 2019	March 31, 2019
Current	\$ 13,473,933	\$ 4,745,911	\$ 4,690,194
Non-current	<u>16,180,161</u>	<u>984,716</u>	<u>497,859</u>
	<u>\$ 29,654,094</u>	<u>\$ 5,730,627</u>	<u>\$ 5,188,053</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
	0.14%-4.40%	0.14%-4.40%	0.13%-3.49%

Refer to Note 31 for information relating to pledged financial assets at amortized cost.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative instruments (not under hedge accounting)			
Redemption options and put options of convertible bonds	\$ 7,411	\$ 1,235	\$ -
Non-derivative financial assets			
Domestic listed shares	167,441	228,588	240,828
Domestic emerging market shares	92,159	96,909	82,116
Mutual funds	<u>175,498</u>	<u>175,273</u>	<u>197,108</u>
	<u>\$ 442,509</u>	<u>\$ 502,005</u>	<u>\$ 520,052</u>

Financial liabilities at FVTPL - current

Financial liabilities held for trading			
Derivative instruments (not under hedge accounting)			
Redemption options and put options of convertible bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,826</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Domestic investments			
Listed shares	\$ 4,615,523	\$ 7,126,288	\$ 6,704,509
Convertible preference shares	<u>50,450</u>	<u>54,457</u>	<u>53,428</u>
	<u>\$ 4,665,973</u>	<u>\$ 7,180,745</u>	<u>\$ 6,757,937</u>

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Non-current</u>			
Domestic investments			
Unlisted shares	\$ 7,829,555	\$ 6,971,622	\$ 6,208,042
Foreign investments			
Listed shares	<u>28,244,856</u>	<u>29,148,717</u>	<u>25,033,101</u>
	<u>\$ 36,074,411</u>	<u>\$ 36,120,339</u>	<u>\$ 31,241,143</u> (Concluded)

Refer to Note 31 for information relating to investments in equity instruments at FVTOCI pledged as collateral for credit accommodations.

9. HEDGING INSTRUMENTS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
Cash flow hedge - spot rate	<u>\$ 281,203</u>	<u>\$ -</u>	<u>\$ -</u>

The Group's hedging strategy is to enter into foreign currency bank deposit to avoid exchange rate exposure from its foreign currency receipts and payments and manage exchange rate exposure of its forecasted foreign currency purchases. Those transactions are designated as cash flow hedges. Basis adjustments are made to the initial carrying amounts of non-financial hedging items when the anticipated purchases take place.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the foreign currency bank deposit, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness is expected to emerge from these hedging relationships.

The following tables summarize the information relating to the hedges of foreign currency risk.

March 31, 2020

Hedging Instruments	Currency	Notional Amount (In thousands)	Maturity	Forward Rate (NTD1 : USD)	Line Item	Carrying Amount Asset	Change in Value Used for Calculating Hedge Ineffectiveness
Cash flow hedge							
Forecast purchases - spot rate	USD/NTD	USD4,700/NTD142,291	2020.03-2020.04	30.275	Financial assets for hedging	\$ 142,057	\$ (234)
Forecast purchases - spot rate	USD/NTD	USD4,600/NTD139,104	2020.03-2020.04	30.240	Financial assets for hedging	<u>139,146</u>	<u>42</u>
						<u>\$ 281,203</u>	<u>\$ (192)</u>

Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Losses on Hedging Instruments in Other Equity
Cash flow hedge		
Forecast purchases	\$ <u>192</u>	\$ <u>(192)</u>
	Hedging Losses Recognized in OCI	
	For the Three Months Ended March 31	
	Comprehensive Income	
Cash flow hedge		
Forecast purchases	\$ <u>(192)</u>	\$ <u>-</u>

The Group signed coal purchasing contracts with the suppliers, and also purchased foreign currency bank deposits at the spot rate to avoid exchange rate exposure of its forecasted purchases. When the forecasted purchases take place, the amounts originally deferred and recognized in equity will be reclassified to the carrying amount of the materials purchased.

10. NOTES AND ACCOUNTS RECEIVABLE

	March 31, 2020	December 31, 2019	March 31, 2019
Notes receivable	\$ 22,776,776	\$ 31,268,890	\$ 27,497,477
Accounts receivable	9,196,291	8,933,767	8,381,177
Less: Allowance for impairment loss	<u>(103,676)</u>	<u>(105,937)</u>	<u>(51,343)</u>
	<u>\$ 31,869,391</u>	<u>\$ 40,096,720</u>	<u>\$ 35,827,311</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:

	March 31, 2020	December 31, 2019	March 31, 2019
Up to 90 days	\$ 15,782,675	\$ 24,505,536	\$ 19,763,958
91-180 days	15,148,204	14,550,796	14,880,564
181-365 days	927,601	1,029,401	1,161,528
Over 365 days	<u>10,911</u>	<u>10,987</u>	<u>21,261</u>
	<u>\$ 31,869,391</u>	<u>\$ 40,096,720</u>	<u>\$ 35,827,311</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 Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 105,937	\$ 50,939
Add: Net remeasurement of loss allowance	(1,470)	1,623
Less: Amounts written off	-	(1,325)
Foreign exchange gains and losses	<u>(791)</u>	<u>106</u>
Balance at March 31	<u>\$ 103,676</u>	<u>\$ 51,343</u>

11. FINANCE LEASE RECEIVABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Undiscounted lease payments</u>			
Year 1	\$ 5,638,452	\$ 5,106,298	\$ 4,674,105
Year 2	5,399,213	5,457,252	5,638,452
Year 3	5,174,363	5,550,758	5,399,213
Year 4	6,177,297	5,578,575	5,174,363
Year 5	6,066,953	6,127,364	6,177,297
Year 6 onwards	<u>20,050,697</u>	<u>21,296,031</u>	<u>26,117,649</u>
	48,506,975	49,116,278	53,181,079
Less: Unearned finance income	17,510,216	18,116,604	20,940,026
Less: Accumulated impairment	<u>47,878</u>	<u>47,878</u>	<u>47,878</u>
Net investment in leases presented as finance lease receivables	<u>\$ 30,948,881</u>	<u>\$ 30,951,796</u>	<u>\$ 32,193,175</u>
Current (included in accounts receivable)	\$ 2,123,349	\$ 1,698,460	\$ 1,244,294
Non-current	<u>28,825,532</u>	<u>29,253,336</u>	<u>30,948,881</u>
	<u>\$ 30,948,881</u>	<u>\$ 30,951,796</u>	<u>\$ 32,193,175</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 31 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 finance lease receivables in 2019 after transitioning to IFRSs).

12. INVENTORIES

	March 31, 2020	December 31, 2019	March 31, 2019
Finished goods	\$ 2,544,248	\$ 2,147,190	\$ 2,813,188
Work in process	1,475,203	1,324,205	1,671,275
Raw materials	<u>4,484,551</u>	<u>4,661,582</u>	<u>5,593,040</u>
	<u>\$ 8,504,002</u>	<u>\$ 8,132,977</u>	<u>\$ 10,077,503</u>

The costs of inventories recognized as cost of goods sold for the three months ended March 31, 2020 and 2019 were \$14,630,742 thousand and \$17,291,381 thousand, respectively. The cost of goods sold included reversal of write-down of inventory as follows:

	For the Three Months Ended March 31	
	2020	2019
Reversal of write-down of inventory	<u>\$ 20,760</u>	<u>\$ 30,440</u>

Previous write-downs were reversed because slow moving inventories were removed.

13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
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	4)
	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	
	TCC Chemical Corporation	Leasing property and energy technology services	100.0	100.0	100.0	
	TCC Information Systems Corporation	Information software design	99.4	99.4	99.4	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	40.0	40.0	40.0	2), 4)
	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	4)
	TCC International Ltd. ("TCCI")	Investment holding	100.0	100.0	100.0	4)
	TCCMOLI Holdings (Singapore) Pte. Ltd. (TCCMOLI)	Investment holding	100.0	100.0	-	3)
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	59.5	4)
	Ta-Ho Taitung Environment Co., Ltd.	Waste collection and treatment	-	-	100.0	1)
	HPC Power Services 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	2)
	Trans Philippines Mineral Corp. ("TPMC")	Mining excavation	40.0	40.0	40.0	2)
	Taicorn Minerals Corp. ("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	100.0	100.0	100.0	
	TCC International Holdings Limited ("TCCIH")	Investment	38.3	38.3	38.3	
	Taiwan Cement (Dutch) Holdings B.V.	Investment	100.0	100.0	100.0	4)
Taiwan Transport & Storage Corporation	E.G.C. Cement Corporation	Sale of cement	49.4	49.4	49.4	
	Ta-Ho Maritime Corporation	Marine transportation	29.2	29.2	29.2	4)
	Tai-Jie Transport & Storage Corporation	Transportation	100.0	100.0	-	3)
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	4)
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.2	0.2	0.2	2), 4)
	Ta-Ho Maritime Corporation	Marine transportation	-	-	-	4)
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) Machinery Co., Ltd.	Production and sale of cement machinery and assembly work	-	-	100.0	1)
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	2), 4)
TCCI	TCCIH	Investment holding	61.7	61.7	61.7	4)
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	
TCC Green Energy Corporation	Chang-Wang Wind Power Co., Ltd	Renewable energy generation	100.0	100.0	100.0	
	TCC Nan-Chung Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Kao-Cheng Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Chang-Ho Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Chia-Chien Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Yun-Kai Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Lien-Hsin Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	
	TCC Ping-Chih Green Energy Corporation	Renewable energy generation	100.0	100.0	-	3)
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	
	Chi Ho Maritime S.A.	Marine transportation	-	-	100.0	1)
	Sheng Ho Maritime S.A.	Marine transportation	-	-	100.0	1)
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
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	
TCCIH	Guigang Da-Ho Shipping Co., Ltd.	Marine transportation	100.0	100.0	100.0	
	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	4)
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	100.0	4)
Upper Value Investment Limited	Ulexite Investments Ltd.	Investment holding	100.0	100.0	100.0	
	Prime York Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Minerals (International) Limited	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	4)
	Hong Kong Cement Company Limited ("HKCCL")	Sale of cement	100.0	100.0	100.0	
TCC Hong Kong Cement (QHC) Ltd.	Chieffolk Company Ltd.	Investment holding	70.0	70.0	70.0	
Chieffolk 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 Corporation	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	4)
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	4)
	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 Ltd.	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	4)
Jiangsu TCC Investment Co., Ltd.	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	21.5	21.5	21.5	4)
Jingyang Industrial Limited	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	78.5	78.5	78.5	4)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
TCC International (Guangxi) Ltd.	TCC (Guigang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	4)
TCC (Guigang) 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 DongYuan Environmental Technology Company Limited	Hazardous waste treatment	95.2	95.2	95.2	
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	100.0	100.0	
	TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Environmental protection, cement and enterprise management consulting	100.0	100.0	100.0	
TCC Jiangsu Mining Industrial Company Limited	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	1)
	Wayly Holdings Limited.	Investment holding	100.0	100.0	100.0	
	TCC International (China) Company Limited	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) Limited.	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 Limited	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	4)
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	4)
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	4)
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	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
Scitus Holdings	Scitus Cement (China) Operating Co., Limited.	Investment holding	100.0	100.0	100.0	
	Hexagon XIV Holdings Limited	Investment holding	100.0	100.0	100.0	
	Hexagon XIII Holdings Limited	Investment holding	100.0	100.0	100.0	
	Hexagon IX Holdings Limited	Investment holding	100.0	100.0	100.0	
	Hexagon VIII Holdings Limited	Investment holding	100.0	100.0	100.0	
	Hexagon V Holdings Limited	Investment holding	100.0	100.0	100.0	
	Hexagon IV Holdings Limited	Investment holding	100.0	100.0	100.0	
	Hexagon III Holdings Limited	Investment holding	100.0	100.0	100.0	
	Hexagon II Holdings Limited	Investment holding	100.0	100.0	100.0	
	Hexagon Holdings Limited	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	55.0	-	3)

(Concluded)

Remarks:

- 1) Chi Ho Maritime S.A. and Sheng Ho Maritime S.A. had completed liquidation in August 2019 and September 2019, respectively. HKC Investments Ltd. and Ta-Ho Taitung Environment Co., Ltd. had completed liquidation at the end of 2019 and were pending approval by the court. TCEC (Yingde) Machine Co., Ltd. was further cancelled at the end of 2019.
 - 2) 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.
 - 3) TCC Ping-Chih Green Energy Corporation, TCCMOLI, Tai-Jie Transport Corporation and TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd were established in 2019.
 - 4) Except for the financial statements of Taiwan Cement (Dutch) Holdings B.V. which were not reviewed for the three months ended March 31, 2019, the financial statements for the three months ended March 31, 2020 and 2019 of the consolidated subsidiaries had been reviewed.
 - 5) Except for those mentioned directly above in Remark 4, the remaining subsidiaries' financial statements for the three months ended March 31, 2020 and 2019 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		
	March 31, 2020	December 31, 2019	March 31, 2019
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

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 4,148,761	\$ 3,888,222	\$ 5,129,781
Non-current assets	4,522,822	4,669,893	5,918,922
Current liabilities	(3,546,790)	(2,903,186)	(3,890,328)
Non-current liabilities	<u>(3,956,253)</u>	<u>(4,009,869)</u>	<u>(3,701,885)</u>
Equity	<u>\$ 1,168,540</u>	<u>\$ 1,645,060</u>	<u>\$ 3,456,490</u>
Equity attributable to:			
Owners of Taiwan Prosperity Chemical Corporation	\$ 496,768	\$ 699,344	\$ 1,469,420
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>671,772</u>	<u>945,716</u>	<u>1,987,070</u>
	<u>\$ 1,168,540</u>	<u>\$ 1,645,060</u>	<u>\$ 3,456,490</u>
		For the Three Months Ended March 31	
		2020	2019
Operating revenue		<u>\$ 2,175,388</u>	<u>\$ 2,503,206</u>
Net loss for the period		\$ (342,932)	\$ (153,616)
Other comprehensive income (loss) for the period		<u>(133,588)</u>	<u>76,864</u>
Total comprehensive loss for the period		<u>\$ (476,520)</u>	<u>\$ (76,752)</u>
Net loss attributable to:			
Owners of Taiwan Prosperity Chemical Corporation		\$ (145,788)	\$ (65,304)
Non-controlling interests of Taiwan Prosperity Chemical Corporation		<u>(197,144)</u>	<u>(88,312)</u>
		<u>\$ (342,932)</u>	<u>\$ (153,616)</u>
Total comprehensive loss attributable to:			
Owners of Taiwan Prosperity Chemical Corporation		\$ (202,577)	\$ (32,628)
Non-controlling interests of Taiwan Prosperity Chemical Corporation		<u>(273,943)</u>	<u>(44,124)</u>
		<u>\$ (476,520)</u>	<u>\$ (76,752)</u>
Net cash inflow (outflow) from:			
Operating activities		\$ 122,281	\$ 311,332
Investing activities		(22,812)	(31,864)
Financing activities		<u>564,570</u>	<u>(358,406)</u>
Net cash inflow (outflow)		<u>\$ 664,039</u>	<u>\$ (78,938)</u>

Ho-Ping Power Company

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 8,338,733	\$ 7,962,055	\$ 6,132,496
Non-current assets	29,018,070	29,913,098	32,050,503
Current liabilities	(3,126,218)	(5,278,137)	(5,302,805)
Non-current liabilities	<u>(3,403,794)</u>	<u>(3,388,757)</u>	<u>(3,433,629)</u>
Equity	<u>\$ 30,826,791</u>	<u>\$ 29,208,259</u>	<u>\$ 29,446,565</u>
Equity attributable to:			
Owners of Ho-Ping Power Company	\$ 18,492,607	\$ 17,521,488	\$ 17,664,473
Non-controlling interests of Ho-Ping Power Company	<u>12,334,184</u>	<u>11,686,771</u>	<u>11,782,092</u>
	<u>\$ 30,826,791</u>	<u>\$ 29,208,259</u>	<u>\$ 29,446,565</u>

	For the Three Months Ended March 31	
	2020	2019
Operating revenue	<u>\$ 3,762,270</u>	<u>\$ 3,038,992</u>
Net profit for the period	\$ 1,618,725	\$ 774,352
Other comprehensive loss for the period	<u>(192)</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 1,618,533</u>	<u>\$ 774,352</u>
Net profit attributable to:		
Owners of Ho-Ping Power Company	\$ 971,236	\$ 464,612
Non-controlling interests of Ho-Ping Power Company	<u>647,489</u>	<u>309,740</u>
	<u>\$ 1,618,725</u>	<u>\$ 774,352</u>
Total comprehensive income attributable to:		
Owners of Ho-Ping Power Company	\$ 971,120	\$ 464,612
Non-controlling interests of Ho-Ping Power Company	<u>647,413</u>	<u>309,740</u>
	<u>\$ 1,618,533</u>	<u>\$ 774,352</u>
Net cash outflow from:		
Operating activities	\$ 1,712,574	\$ 967,423
Investing activities	(160,966)	(286,224)
Financing activities	<u>(2,296,336)</u>	<u>(1,556,483)</u>
Net cash outflow	<u>\$ (744,728)</u>	<u>\$ (875,284)</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2020	December 31, 2019	March 31, 2019
Investments in associates	<u>\$ 47,007,645</u>	<u>\$ 47,631,870</u>	<u>\$ 47,175,766</u>
Material associates			
Cimpor Global Holdings B.V.	\$ 27,186,673	\$ 27,832,897	\$ 28,182,464
Associates that are not individually material			
International CSRC Investment Holdings Co., Ltd.	6,097,488	6,286,309	6,488,516
Prosperity Conch Cement Company Limited	5,942,691	5,813,901	5,121,678
TCC Recycle Energy Technology Company	1,763,636	1,806,253	-
CCC USA Corp.	1,748,126	1,724,538	1,650,168
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,693,650	1,700,788	1,750,617
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,148,210	1,117,517	947,650
ONYX Ta-Ho Environmental Services Co., Ltd.	919,780	818,277	868,348
Sichuan Taichang Building Material Group Company Limited	179,375	184,793	59,086
Hong Kong Concrete Co., Ltd.	177,421	179,471	204,647
Quon Hing Concrete Co., Ltd.	143,662	160,245	218,385
Synpac Ltd.	6,933	6,881	7,018
E-ONE Moli Energy Corporation	-	-	1,588,590
Shih Hsin Storage & Transportation Co., Ltd.	-	-	45,223
Chia Huan Tung Cement Corporation	-	-	43,376
	<u>\$ 47,007,645</u>	<u>\$ 47,631,870</u>	<u>\$ 47,175,766</u>

Except for the financial statements of International CSRC Investment Holdings Co., Ltd., CCC USA Corp., and TCC Recycle Energy Technology Company, the financial statements of associates for the three months ended March 31, 2020 and 2019 were not reviewed. Management believes there is no material impact on the financial statements of the abovementioned companies which have not been reviewed.

a. Material associates

	Proportion of Ownership		
	March 31, 2020	December 31, 2019	March 31, 2019
Cimpor Global Holdings B.V.	40.0%	40.0%	40.0%

Refer to information on investees and information on investments in mainland China for the nature of activities, principal place of business and country of incorporation of Cimpor Global Holdings B.V.

Cimpor Global Holdings B.V. (formerly known as Dutch OYAK TCC Holdings B.V.) is a joint venture company through collaboration between Taiwan Cement Dutch and Ordu Yardimlasma Kurumu in November 2018, and the Group obtained 40% of the equity of the joint venture company to indirectly acquire the cement investment projects in areas such as Turkey. On March 31, 2019, the acquisition price allocation report and adjustments of the transaction price had not been completed, but these were subsequently completed at the end of October 2019. Considering that 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, which reflected the adjustments made when adopting the equity method of accounting, was summarized as follows:

Cimpor Global Holdings B.V.

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 17,523,496	\$ 16,806,980	\$ 35,387,465
Non-current assets	62,437,691	64,433,834	20,354,020
Current liabilities	(12,601,284)	(11,714,622)	(12,004,448)
Non-current liabilities	(14,032,432)	(14,600,541)	(2,453,618)
Non-controlling interests	<u>(9,498,800)</u>	<u>(9,735,582)</u>	<u>(5,738,835)</u>
Equity attributable to the Group	<u>\$ 43,828,671</u>	<u>\$ 45,190,069</u>	<u>\$ 35,544,584</u>
Proportion of the Group's ownership	40%	40%	40%
Equity attributable to the Group	\$ 17,531,468	\$ 18,076,028	\$ 14,217,833
Goodwill	<u>9,655,205</u>	<u>9,756,869</u>	<u>13,964,631</u>
Carrying amounts	<u>\$ 27,186,673</u>	<u>\$ 27,832,897</u>	<u>\$ 28,182,464</u>

**For the Three Months Ended
March 31**

	2020	2019
Operating revenue	<u>\$ 5,409,279</u>	<u>\$ 2,915,952</u>
Profit (loss) for the period	\$ 49,730	\$ (377,109)
Other comprehensive loss	<u>(905,051)</u>	<u>(829,233)</u>
Total comprehensive loss for the period	<u>\$ (855,321)</u>	<u>\$ (1,206,342)</u>

b. Aggregate information of associates that are not individually material

	Proportion of Ownership		
	March 31, 2020	December 31, 2019	March 31, 2019
International CSRC Investment Holdings Co., Ltd. (Note 3)	19.2%	19.2%	19.2%
Prosperity Conch Cement Company Limited	25.0%	25.0%	25.0%
TCC Recycle Energy Technology Company (Note 2)	29.7%	29.7%	-
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%	30.0%
CCC USA Corp.	33.3%	33.3%	33.3%
E-ONE Moli Energy Corporation (Note 1)	-	-	28.1%
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%

(Continued)

	Proportion of Ownership		
	March 31, 2020	December 31, 2019	March 31, 2019
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. (Note 3)	-	-	18.9%
Chia Huan Tung Cement Corporation (Note 4)	-	-	33.8%
Synpac Ltd.	25.0%	25.0%	25.0%
			(Concluded)

	For the Three Months Ended March 31	
	2020	2019
The Group's share of:		
Net income for the period	\$ 312,219	\$ 596,674
Other comprehensive income (loss)	<u>(290,220)</u>	<u>344,477</u>
Total comprehensive income for the period	<u>\$ 21,999</u>	<u>\$ 941,151</u>

Note 1: The Group paid \$943,391 thousand to acquire the additional shares of E-ONE Moli Energy Corporation in January 2019, and its percentage of ownership decreased from 29.9% to 28.1% because the Group did not subscribe for new shares issued by its investee based on its percentage of ownership interest. The Group entered into a share swap agreement with TCC Recycle Energy Technology Company, refer to Note 2 for the details.

Note 2: The Group invested \$1,000 thousand for the establishment of TCC Recycling Energy Company in June 2019. TCC Recycle Energy Technology Company increased its capital in August 2019. As the Group invested \$340,200 thousand, which was based on its percentage of ownership, its percentage of ownership decreased from 100% to 28.8%. In August 2019, the board of directors of both TCC Recycle Energy Technology Company and E-ONE Moli Energy Corp. resolved to enter into a share swap agreement according to the Business Mergers and Acquisitions Act, under which TCC Recycle Energy Technology Company shall issue preferred shares A which are to be converted into ordinary shares of E-ONE Moli Energy Corp. at the ratio of 1:1. In the fourth quarter of 2019, the Group chose to fully convert the ordinary shares of E-ONE Moli Energy Corp. into the preferred shares A of TCC Recycling Energy Company with a book value of \$1,541,505 thousand, and converted them into ordinary shares at the ratio of 1:1 in accordance with the terms and conditions for the issuance of preferred shares. Thus, the Group's percentage of ownership in TCC Recycling Energy Company increased from 28.8% to 29.7%.

Note 3: The Group's ownership percentage in International CSRC Investment Holdings Co., Ltd. and Shih Hsin Storage & Transportation Co., Ltd. are less than 20%; however, the Group has significant influence over the latter and therefore accounts for the investment by using the equity method. Shih Hsin Storage & Transportation Co., Ltd. was liquidated at the end of 2019.

Note 4: In May 2019, HKC Investments Ltd. transferred the equity of Chia Huan Tung Cement Corporation amounting to \$25,002 thousand to Union Cement Traders Inc. Chia Huan Tung Cement Corporation was liquidated at the end of 2019.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 20,665,249	\$ 49,617,176	\$ 93,508,387	\$ 12,720,984	\$ 5,296,642	\$ 181,808,438
Additions	-	14,103	97,316	96,749	824,813	1,032,981
Disposals	-	(50,767)	(97,139)	(1,525,584)	-	(1,673,490)
Reclassification	-	51,055	83,037	70,051	(149,077)	55,066
Effects of exchange rate changes	-	916,862	1,474,697	63,107	78,075	2,532,741
Balance at March 31, 2019	<u>\$ 20,665,249</u>	<u>\$ 50,548,429</u>	<u>\$ 95,066,298</u>	<u>\$ 11,425,307</u>	<u>\$ 6,050,453</u>	<u>\$ 183,755,736</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2019	\$ 274,188	\$ 16,786,251	\$ 63,935,522	\$ 9,636,947	\$ 81,705	\$ 90,714,613
Disposals	-	-	(77,828)	(1,312,628)	-	(1,390,456)
Depreciation expenses	-	335,127	1,020,474	148,865	-	1,504,466
Reclassification	-	777	-	(777)	-	-
Effects of exchange rate changes	-	252,018	812,424	43,919	2,256	1,110,617
Balance at March 31, 2019	<u>\$ 274,188</u>	<u>\$ 17,374,173</u>	<u>\$ 65,690,592</u>	<u>\$ 8,516,326</u>	<u>\$ 83,961</u>	<u>\$ 91,939,240</u>
Carrying amounts at 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 March 31, 2019	<u>\$ 20,391,061</u>	<u>\$ 33,174,256</u>	<u>\$ 29,375,706</u>	<u>\$ 2,908,981</u>	<u>\$ 5,966,492</u>	<u>\$ 91,816,496</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 20,676,526	\$ 48,461,498	\$ 92,919,161	\$ 14,931,799	\$ 6,516,379	\$ 183,505,363
Additions	2,128	21,516	25,936	47,712	569,195	666,487
Disposals	-	-	(79,135)	(64,782)	-	(143,917)
Reclassification	1,383,271	25,046	279,825	(6,556)	(274,015)	1,407,571
Effects of exchange rate changes	-	(468,876)	(776,124)	(2,180)	(55,666)	(1,302,846)
Balance at March 31, 2020	<u>\$ 22,061,925</u>	<u>\$ 48,039,184</u>	<u>\$ 92,369,663</u>	<u>\$ 14,905,993</u>	<u>\$ 6,755,893</u>	<u>\$ 184,132,658</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ 274,188	\$ 17,858,784	\$ 67,448,532	\$ 7,963,743	\$ 78,797	\$ 93,624,044
Disposals	-	-	(75,890)	(63,033)	-	(138,923)
Depreciation expenses	-	341,140	1,005,157	152,744	-	1,499,041
Reclassification	534,716	-	1,095	(1,095)	-	534,716
Effects of exchange rate changes	-	(153,049)	(485,160)	(20,363)	(1,134)	(659,706)
Balance at March 31, 2020	<u>\$ 808,904</u>	<u>\$ 18,046,875</u>	<u>\$ 67,893,734</u>	<u>\$ 8,031,996</u>	<u>\$ 77,663</u>	<u>\$ 94,859,172</u>
Carrying amounts at January 1, 2020	<u>\$ 20,402,338</u>	<u>\$ 30,602,714</u>	<u>\$ 25,470,629</u>	<u>\$ 6,968,056</u>	<u>\$ 6,437,582</u>	<u>\$ 89,881,319</u>
Carrying amounts at March 31, 2020	<u>\$ 21,253,021</u>	<u>\$ 29,992,309</u>	<u>\$ 24,475,929</u>	<u>\$ 6,873,997</u>	<u>\$ 6,678,230</u>	<u>\$ 89,273,486</u>

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

Buildings	
Main buildings	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 31.

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

	For the Three Months Ended March 31	
	2020	2019
Acquisitions of property, plant and equipment	\$ 666,487	\$ 1,032,981
Increase in prepayments for equipment	713,845	537,720
Decrease (increase) in payables for equipment	<u>645,428</u>	<u>(87,028)</u>
	<u>\$ 2,025,760</u>	<u>\$ 1,483,673</u>

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Land (Note)	\$ 11,354,718	\$ 11,704,843	\$ 8,287,608
Buildings	778,147	808,408	905,572
Machinery	156,377	172,103	210,436
Other	<u>49,449</u>	<u>48,932</u>	<u>42,256</u>
	<u>\$ 12,338,691</u>	<u>\$ 12,734,286</u>	<u>\$ 9,445,872</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 March 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 68,783</u>	<u>\$ 36,633</u>
Depreciation charge for right-of-use assets		
Land	\$ 120,968	\$ 86,154
Buildings	42,942	38,319
Machinery	25,537	21,704
Other	<u>4,992</u>	<u>4,048</u>
	<u>\$ 194,439</u>	<u>\$ 150,225</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2020 and 2019.

b. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Current	\$ 350,023	\$ 416,346	\$ 356,284
Non-current	<u>\$ 1,944,905</u>	<u>\$ 2,073,806</u>	<u>\$ 2,115,963</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Land	1.79%-4.90%	1.79%-4.90%	1.85%-2.35%
Buildings	1.79%-4.75%	1.79%-4.75%	1.85%-4.75%
Machinery	1.21%-2.00%	1.21%-2.00%	1.85%-2.05%
Other	1.76%-4.75%	1.76%-4.75%	1.76%-4.75%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of 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

	March 31, 2020	December 31, 2019	March 31, 2019
Expenses relating to short-term leases	<u>\$ 250,116</u>	<u>\$ 1,208,205</u>	<u>\$ 308,593</u>
Expenses relating to low-value asset leases	<u>\$ 257</u>	<u>\$ 622</u>	<u>\$ 41</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 65,718</u>	<u>\$ 203,057</u>	<u>\$ 155</u>
Total cash outflow for leases	<u>\$ (474,486)</u>	<u>\$ (1,657,786)</u>	<u>\$ (405,178)</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

	March 31, 2020	December 31, 2019	March 31, 2019
Land	\$ 4,876,689	\$ 5,725,244	\$ 5,725,244
Buildings	<u>591,950</u>	<u>596,965</u>	<u>613,863</u>
	<u>\$ 5,468,639</u>	<u>\$ 6,322,209</u>	<u>\$ 6,339,107</u>

Except for depreciation expense and a transfer of the net proceeds from land used by the Group of \$848,555 thousand to property, plant and equipment in the first quarter of 2020, the Group did not recognize significant additions, disposals or impairment loss of investment properties during the three months ended March 31, 2020 and 2019.

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

As of December 31, 2019 and 2018, the fair value of investment properties were \$14,859,809 thousand and \$14,865,003 thousand, respectively. Except for the transfer to be used by the Group during the three months ended March 31, the adjusted fair value was \$12,195,685 thousand on March 31, 2020, management of the Group had assessed and determined that there were no significant changes in fair value as of December 31, 2019 and 2018, as compared to that of March 31, 2020 and 2019.

The investment properties pledged as collateral for bank borrowings are set out in Note 31.

18. INTANGIBLE ASSETS

	Goodwill	Operational Concession	Mining Rights	Others	Total
<u>Cost</u>					
Balance at January 1, 2019	\$ 11,988,345	\$ 7,681,476	\$ 3,199,099	\$ 1,194,509	\$ 24,063,429
Additions	-	-	-	3,350	3,350
Effects of exchange rate changes	307,801	-	82,163	8,633	398,597
Balance at March 31, 2019	<u>\$ 12,296,146</u>	<u>\$ 7,681,476</u>	<u>\$ 3,281,262</u>	<u>\$ 1,206,492</u>	<u>\$ 24,465,376</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	-	37,778	41,496	14,490	93,764
Effects of exchange rate changes	-	-	31,922	5,361	37,283
Balance at March 31, 2019	<u>\$ 156,000</u>	<u>\$ 1,095,555</u>	<u>\$ 1,432,045</u>	<u>\$ 1,083,524</u>	<u>\$ 3,767,124</u>
Carrying amounts at 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 March 31, 2019	<u>\$ 12,140,146</u>	<u>\$ 6,585,921</u>	<u>\$ 1,849,217</u>	<u>\$ 122,968</u>	<u>\$ 20,698,252</u>
<u>Cost</u>					
Balance at January 1, 2020	\$ 11,603,510	\$ 7,681,476	\$ 3,184,609	\$ 1,190,994	\$ 23,660,589
Additions	-	-	-	6,063	6,063
Effects of exchange rate changes	(163,858)	-	(41,355)	(1,660)	(206,873)
Balance at March 31, 2020	<u>\$ 11,439,652</u>	<u>\$ 7,681,476</u>	<u>\$ 3,143,254</u>	<u>\$ 1,195,397</u>	<u>\$ 23,459,779</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2020	\$ 156,000	\$ 1,208,888	\$ 1,529,944	\$ 1,109,639	\$ 4,004,471
Amortization expenses	-	37,778	48,336	13,992	100,106
Effects of exchange rate changes	-	-	(18,665)	(908)	(19,573)
Balance at March 31, 2020	<u>\$ 156,000</u>	<u>\$ 1,246,666</u>	<u>\$ 1,559,615</u>	<u>\$ 1,122,723</u>	<u>\$ 4,085,004</u>
Carrying amounts at January 1, 2020	<u>\$ 11,447,510</u>	<u>\$ 6,472,588</u>	<u>\$ 1,654,665</u>	<u>\$ 81,355</u>	<u>\$ 19,656,118</u>
Carrying amounts at March 31, 2020	<u>\$ 11,283,652</u>	<u>\$ 6,434,810</u>	<u>\$ 1,583,639</u>	<u>\$ 72,674</u>	<u>\$ 19,374,775</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. BORROWINGS

a. Short-term loans

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Secured borrowings</u>			
Bank loans	\$ 150,000	\$ 150,000	\$ 100,000
<u>Unsecured borrowings</u>			
Bank loans - unsecured	31,380,490	29,899,542	33,486,130
Bank loans - letters of credit	<u>274,735</u>	<u>395,506</u>	<u>231,248</u>
	<u>31,655,225</u>	<u>30,295,048</u>	<u>33,717,378</u>
	<u>\$ 31,805,225</u>	<u>\$ 30,445,048</u>	<u>\$ 33,817,378</u>
Interest rate	0.76-2.85%	0.82-4.35%	0.53-4.57%

b. Short-term bills payable

	March 31, 2020	December 31, 2019	March 31, 2019
Commercial paper	\$ 5,160,000	\$ 5,880,000	\$ 7,600,000
Less: Unamortized discount on bills payable	<u>3,817</u>	<u>4,602</u>	<u>8,711</u>
	<u>\$ 5,156,183</u>	<u>\$ 5,875,398</u>	<u>\$ 7,591,289</u>
Interest rate	0.95%-1.24%	0.96%-1.24%	0.79%-1.24%

c. Long-term loans and long-term bills payable

	March 31, 2020	December 31, 2019	March 31, 2019
Secured borrowings	\$ 5,008,180	\$ 4,112,790	\$ 2,883,942
Unsecured borrowings	<u>23,969,302</u>	<u>28,064,383</u>	<u>16,172,428</u>
	28,977,482	32,177,173	19,056,370
Less: Current portions	<u>3,198,714</u>	<u>1,624,138</u>	<u>78,667</u>
	<u>\$ 25,778,768</u>	<u>\$ 30,553,035</u>	<u>\$ 18,977,703</u>
Long-term bills payable	\$ 11,828,000	\$ 11,828,000	\$ 22,500,000
Less: Discount on bills payable	<u>22,766</u>	<u>27,034</u>	<u>23,983</u>
	<u>\$ 11,805,234</u>	<u>\$ 11,800,966</u>	<u>\$ 22,476,017</u>
Interest rate			
Long-term loans	1.20%-2.54%	1.40%-2.90%	1.40%-4.01%
Long-term bills payable	1.31%-1.50%	1.32%-1.50%	1.32%-1.38%

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

According to the joint credit agreement, if the subsidiary, Taiwan Prosperity Chemical Corporation, is unable to meet the financial ratio restrictions based on the financial data in the semi-annual or annual financial reports, the Company should improve its financial ratios within 6 months from the announcement date of the semi-annual or annual financial reports. Any improvement within the aforementioned period would not be deemed as violating the financial commitments. The Company violated the above financial ratio restrictions in 2019, but improved its financial ratios within the grace period stipulated in the agreement. Therefore, the long-term bank loans were not reclassified as current liabilities on March 31, 2020 and 2019.

Except as stated above, the Group did not violate the financial covenants of other long-term loans and long-term bills payable.

20. BONDS PAYABLE

	March 31, 2020	December 31, 2019	March 31, 2019
Domestic unsecured bonds	\$ 24,600,000	\$ 24,600,000	\$ 12,000,000
Less: Discount on bonds payable	<u>52,950</u>	<u>55,240</u>	<u>22,755</u>
	<u>24,547,050</u>	<u>24,544,760</u>	<u>11,977,245</u>
Overseas unsecured convertible bonds	12,663,477	12,663,477	12,663,477
Less: Discount on bonds payable	<u>1,417,771</u>	<u>1,508,459</u>	<u>1,775,489</u>
	<u>11,245,706</u>	<u>11,155,018</u>	<u>10,887,988</u>
	<u>\$ 35,792,756</u>	<u>\$ 35,699,778</u>	<u>\$ 22,865,233</u>

a. Domestic unsecured bonds

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

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

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

b. Overseas unsecured convertible bonds

In June 2018, the Corporation's board of directors resolved to issue overseas unsecured convertible bonds for the first time. This proposal was approved and became effective under the letter issued by the Financial Supervisory Commission ("FSC") dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 10703258532). The bonds which have 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 at any time within the period from the following day after three months from the issuance date to 10 days prior to maturity. The conversion price after the issuance of convertible corporate bonds will be adjusted according to the anti-dilution clause of the 2018 First Overseas Unsecured Convertible Bonds Issuance and Conversion Rules of the Corporation. The conversion price has been adjusted from NT\$41 per share to NT\$35.49 per share since August 19, 2019, i.e. the ex-dividend date. Bondholders can request the Corporation to convert the bonds at a fixed exchange rate of US\$1: NT\$30.878, which is to be divided by the conversion price per share on the conversion date.

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.

	March 31, 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>87,139</u>
Liability component at March 31, 2019	<u>\$ 10,887,988</u>
	March 31, 2020
Proceeds from issuance (less transaction costs of \$103,353 thousand)	\$ 12,247,847
Redemption of option derivatives (accounting for financial liabilities measured at FVTPL) and transaction costs	(159,222)
Equity component (less transaction costs allocated to the equity component of \$11,038 thousand)	<u>(1,308,070)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$90,971 thousand)	10,780,555
Interest charged at an effective interest rate of 3.27%	<u>20,294</u>
Liability component at December 31, 2018	10,800,849
Interest charged at an effective interest rate of 3.27%	<u>354,169</u>
Liability component at December 31, 2019	11,155,018
Interest charged at an effective interest rate of 3.27%	<u>90,688</u>
Liability component at March 31, 2020	<u>\$ 11,245,706</u>

21. OTHER PAYABLES

	March 31, 2020	December 31, 2019	March 31, 2019
Salaries and bonuses payable	\$ 1,879,402	\$ 2,622,388	\$ 2,251,904
Deposits and retention money	990,782	988,210	989,605
Taxes payable	619,642	1,332,528	1,735,860
Interest payable	304,775	248,728	225,253
Payables for equipment	298,032	940,080	565,193
Payables for electricity	351,571	422,941	434,097
Freight payables	204,078	388,269	517,359
Fines payable	-	-	66,000
Others	<u>3,372,452</u>	<u>4,047,467</u>	<u>3,350,186</u>
	<u>\$ 8,020,734</u>	<u>\$ 10,990,611</u>	<u>\$ 10,135,457</u>

22. 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, 2019 and 2018 and was recognized in the following line items in its respective periods:

	For the Three Months Ended March 31	
	2020	2019
Operating costs	\$ (285)	\$ 173
Operating expenses	<u>(434)</u>	<u>(341)</u>
	<u>\$ (719)</u>	<u>\$ (168)</u>

23. EQUITY

a. Share capital

1) Ordinary shares

	March 31, 2020	December 31, 2019	March 31, 2019
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>5,465,619</u>	<u>5,108,060</u>
Shares issued	<u>\$ 54,656,192</u>	<u>\$ 54,656,192</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 ordinary 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 in June 2019, which was approved by the FSC. The subscription base date was August 19, 2019 as determined by the board of directors.

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 at December 13, 2018, it was expected to issue 200,000 thousand shares with 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 IRS interest rate of 0.9375% + fixed interest rate of 2.5625%). Five-year term IRS interest rate will be reset on the next business day of the expiry of the five-year period from the date of issue and every five years thereafter. The shareholders of the second preference shares do not have the right to vote and to elect in the shareholders meeting but can be elected as directors. The Corporation has full discretion on the dividend distribution of the second preference shares. If there is no surplus or insufficient surplus to pay the preference share dividends upon the end of current fiscal year, the Corporation's resolution to cancel the distribution of preference share dividends will not constitute an event of default or a termination event in a contract. Preference share dividends are non-accumulative, and dividends that are not distributed or distributed in excess are not accumulated in the future year with deferred annual repayment. There is no maturity of the Corporation's second preference shares, but the Corporation may recover whole or part of the second preference shares at the actual issue price from the day following the five-year period from the issue date. The preference shares may not be converted to ordinary shares, and the preference shareholders do not have the rights to require the Corporation to redeem the preference shares they hold.

b. Capital surplus

	March 31, 2020	December 31, 2019	March 31, 2019
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	\$ 44,176,367
Conversion of bonds	1,520,632	1,520,632	1,520,632
Differences between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	466,784	466,784	466,755
Treasury share transactions	204,127	204,127	203,725
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	10,695
Dividends distributed by subsidiaries not yet received by shareholders	2,161	2,161	2,161

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
<u>May not be used for any purpose</u>			
Equity component of convertible bond	\$ 1,308,070	\$ 1,308,070	\$ 1,308,070
Changes in interests in associates accounted for by using the equity method	<u>179,336</u>	<u>179,336</u>	<u>120,116</u>
	<u>\$ 48,015,947</u>	<u>\$ 48,015,947</u>	<u>\$ 47,956,296</u> (Concluded)

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).

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 by 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 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 24c.

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

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

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

The appropriations of earnings for 2019 and 2018, which were approved by the board of directors in March 20, 2020 and shareholders' general meeting in June 2019, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2019	2018	2019	2018
Legal reserve	\$ 2,448,745	\$ 2,118,082		
Cash dividends on preference shares	350,000	18,219	<u>\$ 1.75</u>	<u>\$ 0.09</u>
Cash dividends on ordinary shares	13,644,048	16,856,367	<u>\$ 2.50</u>	<u>\$ 3.30</u> (Note)
Share dividends on ordinary shares	2,728,810	3,575,593	<u>\$ 0.50</u>	<u>\$ 0.70</u> (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 and the share dividend was adjusted to \$0.70.

The appropriation of earnings for 2019 is subject to be approved by shareholder's general meeting in June 2020.

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 not reversed for the three months ended March 31, 2020 and 2019, respectively. The special reserve appropriated due to currency translation adjustments for financial statements of foreign operations (including subsidiaries) shall be reversed based on the Corporation's disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence.

e. Other equity items

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

	For the Three Months Ended	
	March 31	
	2020	2019
Balance at January 1	\$ (11,660,261)	\$ (5,037,221)
Recognized during the period		
Exchange differences on translating foreign operations	(2,099,262)	3,213,576
Share of exchange differences of associates and joint ventures accounted for by using the equity method	<u>(745,406)</u>	<u>(640,040)</u>
Balance at March 31	<u>\$ (14,504,929)</u>	<u>\$ (2,463,685)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 35,395,116	\$ 24,074,566
Recognized during the period		
Unrealized gain (loss) - equity instruments	(1,447,286)	5,817,814
Share of profit or loss of associates and joint ventures	<u>(197,062)</u>	<u>126,738</u>
Other comprehensive income (loss) recognized in the period	(1,644,348)	5,944,552
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(99,846)</u>	<u>-</u>
Balance at March 31	<u>\$ 33,650,922</u>	<u>\$ 30,019,118</u>

3) Cash flow hedges

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ -	\$ 1,109
Loss on changes in the fair value of hedging instruments		
Exchange rate risk - spot exchange rate	(116)	-
Share from associates accounted for by using the equity method	<u>-</u>	<u>285</u>
Balance at March 31	<u>\$ (116)</u>	<u>\$ 1,394</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 14,777,799	\$ 15,837,946
Net income	481,297	278,050
Other comprehensive income (loss) in the period		
Exchange differences on translating foreign operations	(7,217)	29,081
Unrealized gain on financial assets at FVTOCI	(108,438)	52,792
Exchange rate risk - spot exchange rate	(76)	-
Dividends paid by subsidiaries	-	(21,217)
Disposal and acquisition of non-controlling interests in subsidiaries	<u>-</u>	<u>(152,430)</u>
Balance at March 31	<u>\$ 15,143,365</u>	<u>\$ 16,024,222</u>

g. Treasury shares

(In Thousands of Shares)

	For the Three Months Ended March 31	
	2020	2019
Number of shares at January 1 and March 31	<u>8,000</u>	<u>70</u>

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

On March 20, 2020, the Corporation's board of directors resolved to purchase its ordinary shares from the market at prices between NT\$25.90 and NT\$61.95 per share with NT\$495,600 thousand as the total repurchase amount for 8,000 thousand shares. The repurchase period was scheduled from March 23, 2020 to May 22, 2020.

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.

24. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

	For the Three Months Ended March 31	
	2020	2019
An analysis of depreciation by account		
Property, plant and equipment	\$ 1,499,041	\$ 1,504,466
Right-of-use assets	194,439	150,225
Investment properties	<u>5,227</u>	<u>5,375</u>
	<u>\$ 1,698,707</u>	<u>\$ 1,660,066</u>
An analysis of depreciation by function		
Operating costs	\$ 1,539,890	\$ 1,489,582
Operating expenses	158,603	170,270
Non-operating expenses	<u>214</u>	<u>214</u>
	<u>\$ 1,698,707</u>	<u>\$ 1,660,066</u>

(Continued)

	For the Three Months Ended March 31	
	2020	2019
An analysis of intangible assets amortization by function		
Operating costs	\$ 87,897	\$ 80,907
Operating expenses	<u>12,209</u>	<u>12,857</u>
	<u>\$ 100,106</u>	<u>\$ 93,764</u>
		(Concluded)

b. Employee benefits expense

	For the Three Months Ended March 31	
	2020	2019
Retirement benefit plans		
Defined contribution plans	\$ 78,240	\$ 101,085
Defined benefit plans	<u>(719)</u>	<u>(168)</u>
	77,521	100,917
Other employee benefits	<u>1,659,409</u>	<u>1,665,140</u>
Total employee benefits expense	<u>\$ 1,736,930</u>	<u>\$ 1,766,057</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,159,194	\$ 1,148,632
Operating expenses	<u>577,736</u>	<u>617,425</u>
	<u>\$ 1,736,930</u>	<u>\$ 1,766,057</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 March 31, 2020 and 2019. The employees' compensation and the remuneration of directors during the said periods were as follows:

	For the Three Months Ended March 31	
	2020	2019
Employees' compensation	<u>\$ 16,165</u>	<u>\$ 17,059</u>
Remuneration of directors	<u>\$ 30,898</u>	<u>\$ 40,107</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 for the years ended December 31, 2020 and 2019 which are to be paid in cash, had been resolved by the board of directors in March 2020 and March 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	2018
Employees' compensation	\$ <u>86,409</u>	\$ <u>68,236</u>
Remuneration of directors	\$ <u>245,432</u>	\$ <u>215,088</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, 2019 and 2018.

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

d. Finance costs

	For the Three Months Ended	
	March 31	
	2020	2019
Interest on bank borrowings	\$ 294,412	\$ 352,373
Interest on corporate bonds	167,397	137,441
Interest on lease liabilities	11,140	8,731
Other finance costs	<u>53,128</u>	<u>37,334</u>
	<u>\$ 526,077</u>	<u>\$ 535,879</u>

Information about capitalized interest was as follows:

	For the Three Months Ended	
	March 31	
	2020	2019
Capitalized interest	\$ <u>-</u>	\$ <u>2,915</u>
Capitalization rate	-%	0.95%-1.79%

25. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2020	2019
Current tax		
In respect of the current period	\$ 1,163,944	\$ 1,221,235
Adjustments for prior periods	<u>(3,333)</u>	<u>(1,995)</u>
	<u>1,160,611</u>	<u>1,219,240</u>
Deferred tax		
In respect of the current period	<u>92,146</u>	<u>154,285</u>
	<u>\$ 1,252,757</u>	<u>\$ 1,373,525</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. 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
2018	Ta-Ho RSEA Environment Co., Ltd., Ho Sheng Mining Co., Ltd., Union Cement Traders Inc., TCC Investment Corporation, Taiwan Cement Engineering Corporation, Ta-Ho Taitung Environment Co., Ltd., E.G.C. Cement Corporation, TCC Information Systems Corporation, Kuan-Ho Refractories Industry Corporation, TCC Chemical Corporation, Tung Chen Mineral Corporation, Jin Chang Minerals Corporation, Hoping Industrial Port Corporation, HPC Power Service Corporation, Ho-Ping Power Company.
2017	Taiwan Cement Corporation, Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company Limited, TCC Green Energy Corporation, Ta-Ho Maritime Corporation, Taiwan Transport & Storage Corporation.

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2020	2019
Basic earnings per share	<u>\$ 0.55</u>	<u>\$ 0.72</u>
Diluted earnings per share	<u>\$ 0.53</u>	<u>\$ 0.72</u>

The weighted average number of shares outstanding used in the earnings per share computation was adjusted retrospectively for the issuance of bonus shares on August 19, 2019. The basic and diluted earnings per share adjusted retrospectively for the three months ended March 31, 2019 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 0.77</u>	<u>\$ 0.72</u>
Diluted earnings per share	<u>\$ 0.77</u>	<u>\$ 0.72</u>

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

	For the Three Months Ended March 31	
	2020	2019
Profit for the period attributable to owners of the Corporation	\$ 2,999,822	\$ 3,951,920
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds	<u>70,506</u>	<u>15,930</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 3,070,328</u>	<u>\$ 3,967,850</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in computation of basic earnings per share	5,457,619	5,465,549
Effect of potentially dilutive ordinary shares:		
Employees' compensation	2,695	1,985
Convertible bonds	<u>348,019</u>	<u>70,291</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>5,808,333</u>	<u>5,537,825</u>

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.

27. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the three months ended March 31, 2020

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	\$ 30,445,048	\$ 1,269,398	\$ 90,779	\$ 31,805,225
Long-term borrowings (including expired within a year)	<u>32,177,173</u>	<u>(3,254,694)</u>	<u>55,003</u>	<u>28,977,482</u>
	<u>\$ 62,622,221</u>	<u>\$ (1,985,296)</u>	<u>\$ 145,782</u>	<u>\$ 60,782,707</u>

For the three months ended March 31, 2019

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	\$ 26,226,051	\$ 7,590,533	\$ 794	\$ 33,817,378
Long-term borrowings (including expired within a year)	<u>26,555,918</u>	<u>(7,545,685)</u>	<u>46,137</u>	<u>19,056,370</u>
	<u>\$ 52,781,969</u>	<u>\$ 44,848</u>	<u>\$ 46,931</u>	<u>\$ 52,873,748</u>

28. 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.

29. FINANCIAL INSTRUMENTS

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

March 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 11,245,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,324,027</u>	<u>\$ 12,324,027</u>

December 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 11,155,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,695,351</u>	<u>\$ 11,695,351</u>

March 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds payable	<u>\$ 10,887,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,237,122</u>	<u>\$ 11,237,122</u>

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

1) Fair value hierarchy

March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives - put options and redemption options of convertible bond payables	\$ -	\$ -	\$ 7,411	\$ 7,411
Domestic listed shares	167,441	-	-	167,441
Domestic emerging market shares	92,159	-	-	92,159
Mutual funds	<u>175,498</u>	<u>-</u>	<u>-</u>	<u>175,498</u>
	<u>\$ 435,098</u>	<u>\$ -</u>	<u>\$ 7,411</u>	<u>\$ 442,509</u>
Financial asset at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 4,615,523	\$ -	\$ -	\$ 4,615,523
Foreign list shares	28,244,856	-	-	28,244,856
Domestic unlisted shares	-	-	7,829,555	7,829,555
Convertible preference shares	<u>50,450</u>	<u>-</u>	<u>-</u>	<u>50,450</u>
	<u>\$ 32,910,829</u>	<u>\$ -</u>	<u>\$ 7,829,555</u>	<u>\$ 40,740,384</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives - put options and redemption options of convertible bond payables	\$ -	\$ -	\$ 1,235	\$ 1,235
Domestic listed shares	228,588	-	-	228,588
Domestic emerging market shares	96,909	-	-	96,909
Mutual funds	<u>175,273</u>	<u>-</u>	<u>-</u>	<u>175,273</u>
	<u>\$ 500,770</u>	<u>\$ -</u>	<u>\$ 1,235</u>	<u>\$ 502,005</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 7,126,288	\$ -	\$ -	\$ 7,126,288
Foreign listed shares	29,148,717	-	-	29,148,717
Domestic unlisted shares	-	-	6,971,622	6,971,622
Convertible preference shares	<u>54,457</u>	<u>-</u>	<u>-</u>	<u>54,457</u>
	<u>\$ 36,329,462</u>	<u>\$ -</u>	<u>\$ 6,971,622</u>	<u>\$ 43,301,084</u>

March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Domestic listed shares	\$ 240,828	\$ -	\$ -	\$ 240,828
Domestic emerging market shares	82,116	-	-	82,116
Mutual funds	<u>197,108</u>	<u>-</u>	<u>-</u>	<u>197,108</u>
	<u>\$ 520,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 520,052</u>
Financial asset at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 6,704,509	\$ -	\$ -	\$ 6,704,509
Foreign list shares	25,033,101	-	-	25,033,101
Domestic unlisted shares	-	-	6,208,042	6,208,042
Convertible preference shares	<u>53,428</u>	<u>-</u>	<u>-</u>	<u>53,428</u>
	<u>\$ 31,791,038</u>	<u>\$ -</u>	<u>\$ 6,208,042</u>	<u>\$ 37,999,080</u>
Financial liabilities at FVTOCI				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,826</u>	<u>\$ 46,826</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 Three Months Ended March 31, 2020
Financial assets at FVTOCI	
Equity instrument investment	
Balance at January 1, 2020	\$ 6,971,622
Recognized in other comprehensive income	911,902
Disposal	<u>(53,969)</u>
Balance at March 31, 2020	<u>\$ 7,829,555</u>
Financial liabilities at FVTPL	
Derivative instrument investment	
Balance at January 1, 2020	\$ 1,235
Recognized in loss	<u>6,176</u>
Balance at March 31, 2020	<u>\$ 7,411</u>

**For the Three
Months Ended
March 31, 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>342,332</u>
Balance at March 31, 2019	<u>\$ 6,208,042</u>
Financial liabilities at FVTPL	
Derivative instrument investment	
Balance at January 1, 2019	\$ 139,460
Recognized in loss	<u>(92,634)</u>
Balance at March 31, 2019	<u>\$ 46,826</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 March 31, 2020, December 31, 2019 and March 31, 2019, the historical volatility used were 22.54%, 14.67% and 28.35%, 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.

	March 31, 2020	December 31, 2019	March 31, 2019
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:

	March 31, 2020	December 31, 2019	March 31, 2019
Comprehensive discount for lack of marketability and non-controlling interests			
1% increase	<u>\$ (24,722)</u>	<u>\$ (25,400)</u>	<u>\$ (23,101)</u>
1% decrease	<u>\$ 24,722</u>	<u>\$ 25,400</u>	<u>\$ 23,101</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.

	March 31, 2020	December 31, 2019	March 31, 2019
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:

	March 31, 2020	December 31, 2019	March 31, 2019
Discount for lack of marketability			
1% increase	<u>\$ (2,575)</u>	<u>\$ (3,818)</u>	<u>\$ (4,321)</u>
1% decrease	<u>\$ 2,575</u>	<u>\$ 3,818</u>	<u>\$ 4,321</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Discount rate	4.33%	6.9%	7.9%
Dividend growth rate	1.4%	1.4%	1.7%
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:

	March 31, 2020	December 31, 2019	March 31, 2019
Discount for lack of marketability			
1% increase	<u>\$ (60,226)</u>	<u>\$ (48,487)</u>	<u>\$ (41,882)</u>
1% decrease	<u>\$ 60,226</u>	<u>\$ 48,487</u>	<u>\$ 41,882</u>

c. Categories of financial instruments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
Financial assets at FVTPL			
Financial assets mandatorily classified as at FVTPL	\$ 442,509	\$ 502,005	\$ 520,052
Financial assets measured at amortized cost (1)	125,744,773	130,255,654	130,656,821
Financial assets at FVTOCI			
Equity instrument investment	40,740,384	43,301,084	37,999,080
Hedging instruments	281,203	-	-
<u>Financial liabilities</u>			
Financial liabilities at FVTOCI			
Equity instrument investment	-	-	46,826
Financial liabilities measured at amortized cost (2)	128,835,150	134,650,780	132,192,960

- 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 controls and hedging strategies 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 evaluated the investment's performance, and no significant market risk was 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 positions 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 33.

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 included 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 Three Months Ended March 31		For the Three Months Ended March 31	
	2020	2019	2020	2019
NTD	\$ (4,460)	\$ (19,255)	\$ -	\$ -
RMB	\$ (7,113)	\$ (4,196)	\$ (852)	\$ (7,200)
HKD	\$ 77,598	\$ 70,637	\$ -	\$ -

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:

	March 31, 2020	December 31, 2019	March 31, 2019
Cash flow interest rate risk			
Financial assets	\$ 22,459,746	\$ 25,276,394	\$ 35,163,049
Financial liabilities	60,782,707	62,622,221	52,873,748

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 an increase or decrease of 50 basis points was used, which represented 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 three months ended March 31, 2020 and 2019 would decrease/increase by \$22,460 thousand and \$35,163 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 three months ended March 31, 2020 and 2019 would decrease/increase by \$60,783 thousand and \$52,874 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 analysis

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 three months ended March 31, 2020 and 2019 would increase/decrease by \$21,755 thousand and \$26,003 thousand, respectively. If equity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the three months ended March 31, 2020 and 2019 would increase/decrease by \$2,037,019 thousand and \$1,899,954 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 March 31, 2020, December 31, 2019 and March 31, 2019, the amount of unused financing facilities were \$113,428,505 thousand, \$98,765,259 thousand and \$87,382,173 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.

March 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 916,177	\$ 11,348,480	\$ 2,561,350	\$ 168,668	\$ 2,845
Lease liabilities	52,059	89,998	434,114	1,759,509	2,081,147
Variable interest rate liabilities	10,902,234	19,943,806	2,595,506	28,880,933	-
Fixed interest rate liabilities	-	5,160,000	311,100	38,335,877	13,836,000
	<u>\$ 11,870,470</u>	<u>\$ 36,542,284</u>	<u>\$ 5,902,070</u>	<u>\$ 69,144,987</u>	<u>\$ 15,919,992</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>\$ 576,171</u>	<u>\$ 1,759,509</u>	<u>\$ 2,081,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 966,652	\$ 15,118,369	\$ 2,799,568	\$ 109,817	\$ 23,954
Lease liabilities	91,020	95,040	460,629	1,640,600	2,399,840
Variable interest rate liabilities	3,074,409	23,788,546	5,919,211	31,587,662	443
Fixed interest rate liabilities	<u>-</u>	<u>5,880,000</u>	<u>311,100</u>	<u>38,335,877</u>	<u>13,836,000</u>
	<u>\$ 4,132,081</u>	<u>\$ 44,881,955</u>	<u>\$ 9,490,508</u>	<u>\$ 71,673,956</u>	<u>\$ 16,260,237</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>\$ 646,689</u>	<u>\$ 1,640,600</u>	<u>\$ 2,399,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 2,220,660	\$ 11,608,898	\$ 2,552,463	\$ 8,470,857	\$ 36,062
Lease liabilities	7	1,033,897	380,765	1,487,139	771,079
Variable interest rate liabilities	8,954,847	21,594,287	4,197,688	19,249,703	703,999
Fixed interest rate liabilities	<u>1,800,000</u>	<u>6,004,000</u>	<u>-</u>	<u>23,316,000</u>	<u>24,927,988</u>
	<u>\$ 12,975,514</u>	<u>\$ 40,241,082</u>	<u>\$ 7,130,916</u>	<u>\$ 52,523,699</u>	<u>\$ 26,439,128</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>\$ 1,414,669</u>	<u>\$ 1,487,139</u>	<u>\$ 771,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 has 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 March 31, 2020, December 31, 2019 and March 31, 2019, the face amounts of these unsettled bills receivable were \$1,253,859 thousand, \$1,916,934 thousand and \$2,234,316 thousand, respectively. The unsettled bills receivable will be due in 11 months, 10 months and 10 months, after March 31, 2020, December 31, 2019 and March 31, 2019, 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 three months ended March 31, 2020 and 2019, the Group did not recognize 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.

30. 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

Related Party	Relationship with the Group
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. (in the process of liquidation in December 2019)	Associates
Chia Huan Tung Cement Corporation (in the process of liquidation in December 2019)	Associates
Quon Hing Concrete Co., Ltd. (Quon Hing)	Associates
Prosperity Conch Cement Company Limited	Associates
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. (Yunnan Kungang & K. Wah Cement Construction Materials)	Associates
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Hong Kong Concrete Co., Ltd.	Associates
E-ONE Moli Energy Corporation (E-ONE Moli Energy)	Associates
International CSRC Investment Holdings Co., Ltd.	Associates
TCC Recycle Energy Technology Company	Associates
Cimpor Global Holding B.V. (formerly known as Dutch OYAK TCC Holdings B.V.)	Associates
Chia Hsin R.M.C. Corp. (Chia Hsin R.M.C.)	Management personnel in substance
The Koo Foundation	Management personnel in substance
Chia Hsin Cement Corporation (Chia Hsin Cement)	Management personnel in substance
L'Hotel de Chine Corporation (L'Hotel de Chine)	Management personnel in substance
FDC International Hotels Corporation	Management personnel in substance
Chia Hsin Prosperity Management and Development Corp.	Management personnel in substance
Goldsun Development & Construction Co., Ltd. (Goldsun Development & Construction)	Investors with significant influence over the Group
China Hi-Ment Corporation (China Hi-Ment)	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 Corporation	The Group acts as key management personnel
Ta-Ho Taitung Environment Co., Ltd. (Ta-Ho Taitung Environment)	The Group acts as key management personnel
Chinatrust Investment Co., Ltd.	Same key management personnel
Consolidated Resource Company	Same key management personnel

(Continued)

Related Party	Relationship with the Group
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) Synthetic Rubber 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
Circular Commitment Company	Same key management personnel

(Concluded)

b. Operating transactions

	For the Three Months Ended March 31	
	2020	2019
<u>Sales</u>		
Management personnel in substance	\$ 106,145	\$ 121,982
Associates	89,534	85,454
The Group acts as key management personnel	69,932	46,679
Same key management personnel	46,410	44,092
Investors with significant influence over the Group	<u>33,515</u>	<u>36,235</u>
	<u>\$ 345,536</u>	<u>\$ 334,442</u>
<u>Purchases of goods and operating expenses</u>		
The Group acts as key management personnel	\$ 180,488	\$ 133,015
Associates	5,857	30,832
Same key management personnel	24,144	16,126
Others	<u>14,724</u>	<u>10,531</u>
	<u>\$ 225,213</u>	<u>\$ 190,504</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Associates			
Quon Hing	\$ 72,643	\$ 73,503	\$ 47,927
Others	<u>8,219</u>	<u>23,733</u>	<u>3,489</u>
	<u>80,862</u>	<u>97,236</u>	<u>51,416</u>
Management personnel in substance			
Chia Hsin Cement	68,954	83,580	114,923
Others	<u>-</u>	<u>2,361</u>	<u>2,372</u>
	<u>68,954</u>	<u>85,941</u>	<u>117,295</u>
The Group acts as key management personnel			
China Hi-Ment	56,581	46,702	28,327
Others	<u>6,053</u>	<u>22,407</u>	<u>515</u>
	<u>62,634</u>	<u>69,109</u>	<u>28,842</u>
Investors with significant influence over the Group			
Goldsun Development & Construction	<u>19,268</u>	<u>31,978</u>	<u>37,327</u>
Same key management personnel	<u>20,734</u>	<u>15,736</u>	<u>29,758</u>
	<u>\$ 252,452</u>	<u>\$ 300,000</u>	<u>\$ 264,638</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
The Group acts as key management personnel	\$ 128,434	\$ 141,757	\$ 146,037
Same key management personnel	8,141	7,056	5,498
Management personnel in substance	5,217	1,328	14,831
Associates	7,308	11,536	6,544
Others	<u>-</u>	<u>739</u>	<u>4</u>
	<u>\$ 149,100</u>	<u>\$ 162,416</u>	<u>\$ 172,914</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. Other receivables from related parties (included in other current assets)

	March 31, 2020	December 31, 2019	March 31, 2019
The Group acts as key management personnel			
Ta-Ho Taitung Environment	\$ 341,280	\$ 341,280	\$ -
Others	<u>-</u>	<u>4</u>	<u>-</u>
	<u>341,280</u>	<u>341,284</u>	<u>-</u>
Associates	42,363	46,205	35,353
Same key management personnel	3,147	1,200	417
Management personnel in substance	<u>190</u>	<u>117</u>	<u>87</u>
	<u>\$ 386,980</u>	<u>\$ 388,806</u>	<u>\$ 35,857</u>

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

d. Loans from related parties (included in other payables to related parties)

	March 31, 2020	December 31, 2019	March 31, 2019
Associates			
Cimpor Global Holdings B.V.	\$ <u> -</u>	\$ <u> -</u>	\$ <u>8,398,413</u>
		For the Three Months Ended March 31	
		<u>2020</u>	<u>2019</u>
Interest expense			
Cimpor Global Holdings B.V.		\$ <u> -</u>	\$ <u> 9,076</u>

The borrowing rate of loans from related parties is equivalent to market rate.

e. Other payables to related parties

	March 31, 2020	December 31, 2019	March 31, 2019
Associates			
Cimpor Global Holdings B.V.	\$ 225,254	\$ 227,626	\$ -
Yunnan Kungang & K. Wah Cement			
Construction Materials	3,820	3,875	4,129
Others	<u>66</u>	<u>264</u>	<u>55</u>
	<u>229,140</u>	<u>231,765</u>	<u>4,184</u>
Management personnel in substance			
L' Hotel de Chine	5,191	1,695	3,828
Others	<u>6,000</u>	<u>1,333</u>	<u>678</u>
	<u>11,191</u>	<u>3,028</u>	<u>4,506</u>
	<u>\$ 240,331</u>	<u>\$ 234,793</u>	<u>\$ 8,690</u>

f. Lease arrangements

		For the Three Months Ended March 31	
		<u>2020</u>	<u>2019</u>
<u>Acquisition of right-of-use assets</u>			
Management personnel in substance		\$ <u> -</u>	\$ <u>20,305</u>
Line Item	Related Party Category	March 31, 2020	December 31, 2019
		March 31, 2019	
Lease liabilities	Management personnel in substance	<u>\$ 33,034</u>	<u>\$ 39,177</u>
			<u>\$ 19,568</u>

Related Party Category	For the Three Months Ended March 31	
	2020	2019
<u>Interest expense</u>		
Management personnel in substance	<u>\$ 202</u>	<u>\$ 30</u>

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

g. Endorsements and guarantees

Endorsements and guarantees provided by the Group

	March 31, 2020	December 31, 2019	March 31, 2019
Subsidiary of associates - OYAK CEMENT PORTUGAL S.A.			
Amount endorsed	<u>\$ 3,022,500</u>	<u>\$ 2,998,000</u>	<u>\$ 3,082,000</u>
Amount utilized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

h. Disposal of financial assets

For the three months ended March 31, 2020

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

i. Compensation of key management personnel

The compensation of directors and other key management personnel for the three months ended March 31, 2020 and 2019 was as follows:

	For the Three Months Ended March 31	
	2020	2019
Short-term employee benefits	\$ 126,746	\$ 120,541
Post-employment benefits	<u>1,407</u>	<u>1,177</u>
	<u>\$ 128,153</u>	<u>\$ 121,718</u>

31. 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:

	March 31, 2020	December 31, 2019	March 31, 2019
Financial assets at fair value through other comprehensive income (including current and non-current portion)	\$ 242,340	\$ 320,460	\$ 271,040
Property, plant and equipment	3,565,852	3,684,804	4,102,237
Investments accounted for using the equity method	52,414	60,730	80,845
Investment properties	857,262	861,127	872,780
Pledged bank deposits (included in financial assets measured at amortized cost)			
Current	536,205	753,007	278,809
Non-current	<u>1,490,548</u>	<u>984,716</u>	<u>497,859</u>
	<u>\$ 6,744,621</u>	<u>\$ 6,664,844</u>	<u>\$ 6,103,570</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Name	March 31, 2020	December 31, 2019	March 31, 2019
The Corporation	\$ 59,881	\$ 155,377	\$ 152,075
Taiwan Prosperity Chemical Corporation	1,132,078	1,391,129	1,201,002
Ho-Ping Power Company	975,456	1,142,682	943,272

b. The amounts of letters of guarantee granted and issued by the banks for the Group are as follows:

Name	March 31, 2020	December 31, 2019	March 31, 2019
The Corporation	\$ 22,120	\$ 22,120	\$ 22,120
Ho-Ping Power Company	1,148,000	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation	124,085	144,085	256,769
TCCI (Group)	994,744	1,175,222	320,210
Taiwan Transport & Storage Corporation	28,150	28,150	36,150

c. 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 was 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 execution for the total payment awarded by the arbitration and, thus far, has received the principal together with the interest in the amount of about \$3,540,000 thousand (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, the Supreme Court dismissed Ta-Ho RSEA Environment Co., Ltd.’s re-appeal on February 17, 2020, stating that the above interest in the dispute shall not be included in the distribution of compensation, which concluded the compulsory enforcement proceedings. According to the distribution result of the court, Ta-Ho RSEA Environment Co., Ltd. received the principal together with the interest in the amount of \$3,540,717 thousand (the amount of principal part is \$2,941,872 thousand), which had been fully repaid.

Company Name	Ta-Ho RSEA Environment Co., Ltd.
Factual background	<p>According to the 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 amounted to \$137,524 thousand as of December 31, 2017, and amounted to \$25,311 thousand from January 1, 2018 to March 31, 2020. The total amount is \$162,835 thousand.</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 \$328 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 has been established on May 22, 2019. On April 27, 2020, the sixth hearing was held and the case is now under review.

d. 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 and 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 paid the total fine as of December 31, 2019. The outstanding fine was recognized by Ho-Ping Power Company under other payables of \$66,000 thousand as of March 31, 2019.</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	<p>1) There are 2 outstanding litigations against Taiwan Power Company:</p> <p>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 expanded the claim amount to \$10.76 billion. The Taiwan Taipei District Court dismissed the plaintiff's complaint on October 30, 2019 and Taiwan Power Company filed an subsequent appeal which was accepted by the Taiwan High Court. This dispute is under review by the Taiwan High Court.</p> <p>b) In November 2015, Ho-Ping Power Company received a complaint of civil litigation brought by Taiwan Power Company at the Taiwan Taipei District Court based on the same ground of the aforementioned administrative litigation. The case is currently under review by the Taiwan Taipei District Court. The result of the judgment mentioned in the preceding paragraph has been reported to the court for considerations.</p> <p>2) Given such situations, Ho-Ping Power Company considered the chance of losing the litigations remote and, therefore, it did not recognize relevant losses.</p>

- e. The board of directors of Ta-Ho Maritime Corporation has resolved to purchase three bulk carriers from Sumitomo Corporation on September 11, 2019. The aggregate purchase amount is US\$100,200 thousand, among which US\$10,020 thousand was paid as of the issuance date of this report.
- f. The board of directors of TCC (Hangzhou) Environment Co., Ltd. has resolved to outsource the construction cost of RMB128,000 thousand on November 12, 2019, and signed the contract on November 22, 2019. As of March 31, 2020, 7.5% of the construction has been completed.
- g. For the purpose of improving the PH air quality and reducing air pollution, the board of directors of the Group's subsidiary Ho-Ping Power Company has resolved to contract out the air pollution improvement equipment project for Unit 2 to CTCI Corporation on January 21, 2020. The total amount of investment is approximately \$1.858 billion.
- h. The boards of directors of subsidiaries, TCC (Guigang) Cement Limited and TCC International (Guangxi) Ltd., on March 20, 2020 and May 12, 2020 have resolved to jointly invest in setting up a new subsidiary in mainland China, TCC (Hangzhou) Recycle Resource Technology Limited, in Jiande, Hangzhou for the implementation of the Group's global layout plan. The total investment is expected to be RMB1.75 billion.

33. 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:

March 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 56,073	30.225 (USD:NTD)	\$ 1,694,806
Non-monetary items			
USD	58,066	30.225 (USD:NTD)	1,755,059
EUR	817,890	33.240 (EUR:NTD)	27,186,673
<u>Financial liabilities</u>			
Monetary items			
USD	37,628	30.225 (USD:NTD)	1,137,302
USD	352,037	7.750 (USD:HKD)	10,634,862

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 72,698	29.980 (USD:NTD)	\$ 2,179,486
USD	41,001	6.955 (USD:RMB)	1,229,349
Non-monetary items			
USD	57,752	29.980 (USD:NTD)	1,731,349
EUR	828,607	33.590 (EUR:NTD)	27,832,897
<u>Financial liabilities</u>			
Monetary items			
USD	200,122	7.790 (USD:HKD)	6,000,400

March 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 105,559	30.820 (USD:NTD)	\$ 3,253,328
HKD	334,650	0.855 (HKD:RMB)	1,313,836
Non-monetary items			
USD	53,770	30.820 (USD:NTD)	1,657,186
EUR	814,287	34.61 (EUR:NTD)	28,182,464
<u>Financial liabilities</u>			
Monetary items			
USD	286,500	7.850 (USD:HKD)	8,829,672

For the three months ended March 31, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were \$62,634 thousand and \$(8,752) 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.

34. 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, 20 and 29)
- 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 the 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
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

35. 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.
- 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 Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2020	2019	2020	2019
Cement segment	\$ 15,194,283	\$ 18,892,772	\$ 2,446,624	\$ 3,966,406
Chemical engineering segment	2,175,388	2,503,206	(318,475)	(148,357)
Electricity segment	3,794,776	3,041,574	2,260,026	1,150,625
Other segments	811,753	918,776	102,877	104,395
	<u>\$ 21,976,200</u>	<u>\$ 25,356,328</u>	4,491,052	5,073,069
Share of profit of associates and joint ventures			318,243	448,149
Interest income			294,427	184,613
Finance costs			(526,077)	(535,879)
Foreign exchange gains (losses), net			62,634	(8,752)
Administrative expenses and directors' remuneration			(30,898)	(40,107)
Net gain on financial assets and liabilities at fair value through profit and loss			(59,496)	108,592
Other income and expenses, net			183,991	373,810
Income before tax			<u>\$ 4,733,876</u>	<u>\$ 5,603,495</u>

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 by using the equity method, interest income, finance costs, net foreign exchange gains (losses), net gain on assets and liabilities at fair value through profit and loss and income tax expense.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	Tai-Jie Transport & Storage Corporation	Other receivables - related parties	Yes	\$ 100,000	\$ 100,000	\$ 100,000	1.50	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 937,844	\$ 937,844	
		TCC Chemical Corporation	Other receivables - related parties	Yes	300,000	300,000	300,000	1.50	The need for short-term financing	-	Operating capital	-		-	937,844	937,844	
2	TCC Investment Corporation	Jin Chang Minerals Corporation	Other receivables - related parties	Yes	330,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,780,671	1,780,671	
3	Taiwan Cement Engineering Corporation	TCC Chemical Corporation	Other receivables - related parties	Yes	200,000	200,000	200,000	1.26	The need for short-term financing	-	Operating capital	-		-	300,323	300,323	
4	TCC Development Ltd	TCCIH	Other receivables - related parties	Yes	284,554	284,554	284,554	1.78	The need for short-term financing	-	Operating capital	-		-	652,451	652,451	
5	TCCI	TCCIH	Other receivables - related parties	Yes	3,630,000	3,627,000	1,662,375	3.09	The need for short-term financing	-	Operating capital	-		-	105,036,567	210,073,134	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	870,240	849,764	-	-	The need for short-term financing	-	Operating capital	-		-	15,381,111	30,762,221	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	992,074	968,731	968,731	3.05	The need for short-term financing	-	Operating capital	-		-	15,381,111	30,762,221	
		TCC (Guigang) Cement Ltd.	Other receivables - related parties	Yes	2,974,174	2,974,174	2,974,174	3.05	The need for short-term financing	-	Operating capital	-		-	15,381,111	30,762,221	
7	TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	1,253,146	1,223,660	-	-	The need for short-term financing	-	Operating capital	-		-	25,745,151	51,490,302	
		Guigang TCC DongYuan Environmental Technology Company Limited	Other receivables - related parties	Yes	130,334	127,465	127,465	3.48	The need for short-term financing	-	Operating capital	-		-	10,298,060	10,298,060	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	87,024	84,976	-	-	The need for short-term financing	-	Operating capital	-		-	25,745,151	51,490,302	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	282,828	276,173	-	-	The need for short-term financing	-	Operating capital	-		-	25,745,151	51,490,302	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	435,120	424,882	-	-	The need for short-term financing	-	Operating capital	-		-	25,745,151	51,490,302	
		TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	435,120	424,882	-	-	The need for short-term financing	-	Operating capital	-		-	25,745,151	51,490,302	
		Scitus Naxi Cement Co., Ltd	Other receivables - related parties	Yes	435,120	424,882	-	-	The need for short-term financing	-	Operating capital	-		-	25,745,151	51,490,302	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	870,240	849,764	-	-	The need for short-term financing	-	Operating capital	-		-	25,745,151	51,490,302	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	1,218,336	1,189,670	-	-	The need for short-term financing	-	Operating capital	-		-	25,745,151	51,490,302	
TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	652,680	637,323	382,394	3.48	The need for short-term financing	-	Operating capital	-		-	25,745,151	51,490,302			
8	TCC Yingde Cement Co., Ltd.	Beijing TCC Environment Technology Co., Ltd.	Other receivables - related parties	Yes	87,024	84,976	8,498	3.48	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		TCC (Hangzhou) Environment Technology Limited	Other receivables - related parties	Yes	1,235,741	1,206,665	1,206,665	3.48	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	217,560	212,441	-	-	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	217,560	212,441	-	-	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		TCC (Dong Guan) Cement Company Limited	Other receivables - related parties	Yes	435,120	424,882	-	-	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		TCC Chongqing Cement Co., Ltd.	Other receivables - related parties	Yes	435,120	424,882	-	-	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	\$ 652,680	\$ 637,323	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 25,447,220	\$ 50,894,441	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	783,216	764,788	-	-	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	870,240	849,764	-	-	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		TCC Guangan Cement Company Ltd.	Other receivables - related parties	Yes	870,240	849,764	-	-	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	435,120	424,882	131,713	3.48	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	217,560	212,441	169,953	3.48	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	870,240	849,764	212,441	3.48	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
		TCC Shaoguan Cement Co., Limited	Other receivables - related parties	Yes	539,942	527,237	356,031	3.48	The need for short-term financing	-	Operating capital	-		-	25,447,220	50,894,441	
9	TCC Fuzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	217,560	212,441	-	-	The need for short-term financing	-	Operating capital	-		-	955,893	2,867,679	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	304,584	297,417	-	-	The need for short-term financing	-	Operating capital	-		-	955,893	2,867,679	
		TCC New (Hangzhou) Management Company Limited	Other receivables - related parties	Yes	435,120	424,882	-	-	The need for short-term financing	-	Operating capital	-		-	955,893	2,867,679	
10	TCCIH	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	239,122	210,615	210,615	-	The need for short-term financing	-	Operating capital	-		-	130,514,061	261,028,121	
11	Prime York Ltd.	Upper Value Investment Limited	Other receivables - related parties	Yes	198,798	198,798	198,798	-	The need for short-term financing	-	Operating capital	-		-	3,054,500	6,109,001	
12	Jurong TCC Cement Co., Ltd.	TCC Yingde Cement Co., Ltd	Other receivables - related parties	Yes	435,120	424,882	-	-	The need for short-term financing	-	Operating capital	-		-	14,467,463	28,934,926	
		TCC Guangan Cement Company Ltd.	Other receivables - related parties	Yes	435,120	424,882	-	-	The need for short-term financing	-	Operating capital	-		-	14,467,463	28,934,926	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	652,680	637,323	-	-	The need for short-term financing	-	Operating capital	-		-	14,467,463	28,934,926	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	870,240	849,764	-	-	The need for short-term financing	-	Operating capital	-		-	14,467,463	28,934,926	
		TCC Chongqing Cement Co., Ltd.	Other receivables - related parties	Yes	870,240	849,764	-	-	The need for short-term financing	-	Operating capital	-		-	14,467,463	28,934,926	
		TCC Huaihua Concrete Company Limited	Other receivables - related parties	Yes	130,536	127,465	33,991	3.48	The need for short-term financing	-	Operating capital	-		-	14,467,463	28,934,926	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	304,584	297,417	93,474	3.48	The need for short-term financing	-	Operating capital	-		-	14,467,463	28,934,926	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	304,584	297,417	212,441	3.48	The need for short-term financing	-	Operating capital	-		-	14,467,463	28,934,926	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	1,305,360	1,274,646	1,210,914	3.48	The need for short-term financing	-	Operating capital	-		-	14,467,463	28,934,926	
13	TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Other receivables - related parties	Yes	87,024	84,976	-	-	The need for short-term financing	-	Operating capital	-		-	7,537,739	15,075,478	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	130,536	127,465	-	-	The need for short-term financing	-	Operating capital	-		-	7,537,739	15,075,478	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	130,536	127,465	-	-	The need for short-term financing	-	Operating capital	-		-	7,537,739	15,075,478	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	130,536	127,465	-	-	The need for short-term financing	-	Operating capital	-		-	7,537,739	15,075,478	
		TCC Chongqing Cement Company Limited	Other receivables - related parties	Yes	870,240	849,764	-	-	The need for short-term financing	-	Operating capital	-		-	7,537,739	15,075,478	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	261,072	254,929	233,685	3.48	The need for short-term financing	-	Operating capital	-		-	7,537,739	15,075,478	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	652,680	637,323	254,929	3.48	The need for short-term financing	-	Operating capital	-		-	7,537,739	15,075,478	
14	TCC Guangan Cement Company Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	87,024	84,976	-	-	The need for short-term financing	-	Operating capital	-		-	4,802,541	9,605,083	
		Scitus Luzhou Cement Co., Ltd	Other receivables - related parties	Yes	130,536	127,465	-	-	The need for short-term financing	-	Operating capital	-		-	4,802,541	9,605,083	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
		TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	\$ 435,120	\$ 424,882	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 4,802,541	\$ 9,605,083	
16	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	61,128	61,128	61,128	-	The need for short-term financing	-	Operating capital	-		-	3,819,342	7,638,684	
17	TCC Chongqing Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	87,024	84,976	-	-	The need for short-term financing	-	Operating capital	-		-	8,262,605	16,525,211	
		TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	108,780	106,221	-	-	The need for short-term financing	-	Operating capital	-		-	8,262,605	16,525,211	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	130,536	127,465	-	-	The need for short-term financing	-	Operating capital	-		-	8,262,605	16,525,211	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	130,536	127,465	-	-	The need for short-term financing	-	Operating capital	-		-	8,262,605	16,525,211	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	217,560	212,441	-	-	The need for short-term financing	-	Operating capital	-		-	8,262,605	16,525,211	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	217,560	212,441	-	-	The need for short-term financing	-	Operating capital	-		-	8,262,605	16,525,211	
		TCC Guangan Cement Company Ltd.	Other receivables - related parties	Yes	435,120	424,882	-	-	The need for short-term financing	-	Operating capital	-		-	8,262,605	16,525,211	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	652,680	637,323	522,180	3.48	The need for short-term financing	-	Operating capital	-		-	8,262,605	16,525,211	
18	TCC New (Hangzhou) Management Company Limited	Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	34,810	33,991	-	-	The need for short-term financing	-	Operating capital	-		-	526,216	1,052,432	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	269,774	263,427	178,450	3.48	The need for short-term financing	-	Operating capital	-		-	526,216	1,052,432	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	239,316	233,685	186,948	3.48	The need for short-term financing	-	Operating capital	-		-	526,216	1,052,432	
19	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Company Limited	Other receivables - related parties	Yes	346,994	338,830	338,830	-	The need for short-term financing	-	Operating capital	-		-	946,028	1,892,056	
20	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	Other receivables - related parties	Yes	130,536	127,465	-	-	The need for short-term financing	-	Operating capital	-		-	626,534	1,253,068	
22	Hong Konf Cement Co., Ltd	TCCIH	Other receivables - related parties	Yes	501,122	500,707	500,707	2.16	The need for short-term financing	-	Operating capital	-		-	887,927	1,775,854	
23	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Kaili TCC Environment Technology Co., Ltd.	Other receivables - related parties	Yes	174,048	169,953	-	-	The need for short-term financing	-	Operating capital	-		-	3,769,468	7,538,936	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	130,536	127,465	84,976	3.48	The need for short-term financing	-	Operating capital	-		-	3,769,468	7,538,936	
27	Union Cement Traders Inc.	Jin Chang Minerals Corporation	Other receivables - related parties	Yes	300,000	300,000	300,000	1.57	The need for short-term financing	-	Operating capital	-		-	342,671	342,671	
28	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	87,024	84,976	-	-	The need for short-term financing	-	Operating capital	-		-	2,916,357	5,832,714	
32	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	87,024	84,976	-	-	The need for short-term financing	-	Operating capital	-		-	2,911,334	5,822,667	

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 THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	Jin Chang Minerals Corporation	b	\$ 96,097,379	\$ 68,848	\$ 68,848	\$ 39,814	\$ 39,814	0.04	\$ 192,194,758	Yes	No	No	
		Ho Sheng Mining Co., Ltd.	b	96,097,379	99,884	99,884	99,884	99,884	0.05	192,194,758	Yes	No	No	
		Union Cement Traders Inc.	b	96,097,379	1,420,000	1,420,000	1,090,000	-	0.74	192,194,758	Yes	No	No	
		TCC Chemical Corporation	b	96,097,379	1,499,117	1,499,117	649,117	-	0.78	192,194,758	Yes	No	No	
		TCC Investment Corporation	b	96,097,379	2,570,000	2,570,000	1,510,000	-	1.34	192,194,758	Yes	No	No	
		TCCI	b	96,097,379	28,465,250	28,441,725	2,055,300	-	14.80	192,194,758	Yes	No	No	
		OYAK CEMENT PORTUGAL S.A.	f	96,097,379	3,025,000	3,022,500	-	-	1.57	192,194,758	No	No	No	
1	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	c	711,398	137,462	137,462	137,462	-	57.97	711,398	No	Yes	No	
2	TCC Green Energy Corporation	TCC Chemical Corporation	a	3,112,879	6,117	6,117	6,117	-	0.20	3,112,879	No	No	No	
3	TCCIH	Guizhou Kaili Rui An Jian Cai Co., Ltd.	b	65,257,030	603,800	302,250	-	-	0.23	130,514,061	Yes	No	Yes	
		Guizhou Kong On Cement Company Limited	b	65,257,030	305,525	305,273	-	-	0.23	130,514,061	Yes	No	Yes	
		TCC Jingzhou Cement Company Limited	b	65,257,030	260,669	254,929	-	-	0.20	130,514,061	Yes	No	Yes	
		TCC Guangan Cement Company Ltd.	b	65,257,030	304,114	297,417	-	-	0.23	130,514,061	Yes	No	Yes	
		Jurong TCC Cement Co., Ltd.	b	65,257,030	2,811,524	2,114,510	-	-	1.62	130,514,061	Yes	No	Yes	
		TCC Anshun Cement Company Limited	b	65,257,030	652,680	637,323	-	-	0.49	130,514,061	Yes	No	Yes	
		TCC Liaoning Cement Company Limited	b	65,257,030	879,105	864,011	-	-	0.66	130,514,061	Yes	No	Yes	
		TCC Huaihua Cement Company Limited	b	65,257,030	826,728	807,276	-	-	0.62	130,514,061	Yes	No	Yes	
		TCC Fuzhou Cement Co., Ltd.	b	65,257,030	1,159,355	1,138,784	-	-	0.87	130,514,061	Yes	No	Yes	
		TCC Chongqing Cement Co., Ltd.	b	65,257,030	1,794,258	1,772,060	-	-	1.36	130,514,061	Yes	No	Yes	
TCC Yingde Cement Co., Ltd.	b	65,257,030	2,277,882	2,230,248	-	-	1.71	130,514,061	Yes	No	Yes			
		TCC (Guigang) Cement Ltd.	b	65,257,030	8,405,887	7,425,526	-	-	5.69	130,514,061	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.

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.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	<u>Ordinary shares</u>							
	Chien Kuo Construction Co., Ltd.	-	FVTPL - current	7,522	\$ 63,488	-	\$ 63,488	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	92,159	-	92,159	
	Chinatrust Financial Holding Co., Ltd.	-	FVTPL - current	3,576	64,003	-	64,003	
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	30,196	1,222,945	-	1,222,945	
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	62,421	730,320	-	730,320	
	CTCI Corporation	-	FVTOCI - current	9,054	265,293	-	265,293	
	Chia Hsin Cement Corporation	Directors	FVTOCI - current	27,419	415,404	-	415,404	
	O-Bank	The Corporation serves as director	FVTOCI - current	29,719	192,876	-	192,876	
	IBT II Venture Capital Corporation	-	FVTOCI - non-current	2,626	14,510	8.3	14,510	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	29,553	1,125,953	9.4	1,125,953	
	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	48,282	5,117,392	6.6	5,117,392	
	Excel Corporation	-	FVTOCI - non-current	600	-	9.5	-	
		<u>Preference shares</u>						
	O-Bank	The Corporation serves as director	FVTOCI - current	2,956	29,027	-	29,027	
Taiwan Transport & Storage Corporation	<u>Ordinary shares</u>							
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,632	130,768	-	130,768	
TCC Investment Corporation	<u>Ordinary shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	21,934	142,351	-	142,351	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	11,941	139,704	-	139,704	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,334	126,259	-	126,259	7,000 thousand shares were pledged
	China Conch Venture Holdings Limited	-	FVTOCI - non-current	28,000	3,776,382	-	3,776,382	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,884	414,675	3.5	414,675	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	1	14	-	14	
	<u>Preference shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	2,182	21,423	-	21,423	
Ta-Ho Maritime Corporation	<u>Ordinary shares</u>							
	Prosperity Dielectrics Co., Ltd.	-	FVTPL - current	951	39,950	-	39,950	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	390,284	-	390,284	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	6,612	251,905	2.1	251,905	
Taiwan Cement Engineering Corporation	<u>Beneficiary certificates</u>							
	Capital Money Market Fund	-	FVTPL - current	2,930	47,517	-	47,517	
TCC Chemical Corporation	<u>Ordinary shares</u>							
	Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,757	292,206	-	292,206	
Taiwan Prosperity Chemical Corporation	<u>Ordinary shares</u>							
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	2,767	32,372	-	32,372	
Hoping Industrial Port Corporation	<u>Ordinary shares</u>							
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	397,905	3.3	397,905	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E.G.C. Cement Corporation	<u>Beneficiary certificates</u>							
	Nomura Taiwan Money Market Fund	-	FVTPL - current	4,117	\$ 67,523	-	\$ 67,523	
	UPAMC James Bond Money Market Fund	-	FVTPL - current	1,503	25,252	-	25,252	
	Taishin 1699 Money Market Fund	-	FVTPL - current	2,588	35,206	-	35,206	
	<u>Ordinary shares</u>							
	Feng Yu United Engineering Company	-	FVTPL - current	58	-	0.1	-	
Union Cement Traders Inc.	<u>Ordinary shares</u>							
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	27,574	322,612	-	322,612	
	CTCI Corporation	-	FVTOCI - current	13,365	391,604	-	391,604	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	7,441	112,731	-	112,731	
	Videoland Inc.	-	FVTOCI - non-current	6,437	205,999	5.6	205,999	
TCCI (Group)	<u>Ordinary shares</u>							
	Anhui Conch Cement Co., Ltd.	-	FVTOCI - non-current	116,568	24,468,474	-	24,468,474	
	Yargoan Co., Ltd.	-	FVTOCI - non-current	19	-	12.5	-	

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 THREE MONTHS ENDED MARCH 31, 2020
 (In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustment (Note 2)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount (Note 1)	Gain on Disposal		Shares	Amount
Taiwan Prosperity Chemical Corporation	Shares Taishin Financial Holding Co., Ltd.	FVTOCI - current	-	-	78,462	\$ 1,137,697	-	\$ -	75,695	\$ 971,737	\$ 971,737	\$ -	\$ (133,588)	2,767	\$ 32,372

Note 1: Including accumulated gain from retained earnings in the amount of \$187,660 thousand which is reclassified from unrealized gain (loss) on financial assets at FVTOCI due to disposal.

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

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 THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total (Note 1)
Taiwan Cement Corporation	Feng Sheng Enterprise Company	Subsidiary	Sales	\$ (114,316)	(2)	30 days	\$ -	-	\$ 133,367	27	Note 2
	TCCIH	Subsidiary	Service revenue	(109,588)	(2)	By contract	-	-	71,790	14	Note 2
	E.G.C. Cement Corporation	Subsidiary	Sales	(125,129)	(2)	50 days after the end of the day when delivery was made	-	-	112,378	22	Note 2
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	167,189	4	30 days	-	-	(76,290)	(12)	Note 2
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	180,487	4	60 days	-	-	(128,434)	(20)	
	Hoping Industrial Port Corporation	Subsidiary	Purchases	127,050	3	20 days	-	-	(10,865)	(2)	Note 2
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	333,146	8	30 days	-	-	(199,674)	(31)	Note 2
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	152,328	3	30 days	-	-	(64,056)	(10)	Note 2
	Chia Hsin Cement Corporation	Director of the Corporation	Sales	(105,470)	(2)	65 days after the end of the day when delivery was made	-	-	68,954	14	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	251,090	15	20 days	-	-	(51,929)	(35)	Note 2
	HPC Power Service Corporation	The same parent company	Purchases	119,114	7	By contract	-	-	(83,154)	(56)	Note 2
Hoping Industrial Port Corporation	Taiwan Cement Corporation	Parent company	Sales	(127,050)	(32)	20 days	-	-	10,865	17	Note 2
	Ho-Ping Power Company	The same parent company	Sales	(251,090)	(63)	20 days	-	-	51,929	79	Note 2
Feng Sheng Enterprise Company	Taiwan Cement Corporation	Parent company	Purchases	114,316	15	30 days	-	-	(133,367)	(100)	Note 2
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(167,189)	(44)	30 days	-	-	76,290	55	Note 2
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Sales	(333,146)	(60)	30 days	-	-	199,674	92	Note 2
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	109,588	100	By contract	-	-	(71,790)	(100)	Note 2
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(152,328)	(92)	30 days	-	-	64,056	96	Note 2
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(119,114)	(100)	By contract	-	-	83,154	100	Note 2
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	125,129	100	50 days after the end of the day when delivery was made	-	-	(112,378)	(100)	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.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

MARCH 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan Cement Corporation	Feng Sheng Enterprise Company (Note 2)	Parent company	\$ 133,367	3.6	\$ -	-	\$ 58,081	\$ -
Taiwan Cement Corporation	E.G.C. Cement Corporation (Note 2)	Parent company	112,378	4.7	-	-	73,919	-
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note 2)	Parent company	199,674	5.7	-	-	88,282	-
Taiwan Cement Corporation	Ta-Ho Taitung Environment Co., Ltd.	Parent company has significant influence	341,280	(Note 1)	-	-	-	-

Note 1: At the end of 2019, Ta-Ho Taitung Environment Co., Ltd. completed liquidation, 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 THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2020	December 31, 2019	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 33,774,761	\$ 33,774,761	1,100,876	100.00	\$ 102,393,495	\$ 1,073,276	\$ 1,073,276	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	805,940	59.50	18,341,941	1,618,725	963,141	Note
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,855,332	172,647	172,642	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	130,514	64.79	2,482,692	28,733	18,615	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	992,173	992,173	116,791	40.00	467,420	(342,932)	(137,174)	Note
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,892,833	25,387	21,286	Note
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	107,355	100.00	4,035,832	(12,535)	(12,535)	Note
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining excavation	1,414,358	1,414,358	30,100	100.00	1,235,484	54,051	54,051	Note
	CCC USA Corporation	U.S.A.	Rubber raw materials	1,284,421	1,284,421	79	33.33	1,748,126	28,373	9,458	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	734,031	898	1,235	Note
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	30,176	50.00	919,780	203,007	101,504	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	464,977	15,270	14,551	Note
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	376,990	32,296	14,674	Note
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	1,510,842	240,000	100.00	1,337,669	19,380	25,086	Note
	Ta-Ho Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	-	-	-	-	-	Liquidation process was in progress
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	242,749	6,656	6,614	Note
	Ta-Ho RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	192,991	(1,287)	(857)	Note
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	398,776	18,704	15,834	Note
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	3,146,046	3,146,046	320,899	100.00	3,157,351	(6,680)	(6,680)	Note
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	188,615	9,730	9,730	Note
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	142,913	48,789	29,274	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	117,497	10,390	5,262	Note
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,933	(21)	(5)	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,300	(11)	(10)	Note
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	Note
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	Note
	TCCIH	Cayman Islands	Investment holding	40,701,671	40,701,671	2,581,832	38.28	49,145,539	1,745,279	668,093	Note
International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	3,563,397	3,563,397	153,477	15.59	4,959,465	(40,061)	15,586		
Taiwan Cement Dutch	Netherlands	Investment holding	29,470,972	29,470,972	831	100.00	27,306,531	5,118	5,118	Note	
TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	1,190,225	1,190,225	117,364	18.19	1,267,374	(119,256)	(21,696)		
TCCMOLI	Singapore	Investment holding	1,239	1,239	30	100.00	718	-	-		
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	301,524	301,524	58,836	29.21	1,119,201	28,733	8,392	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	136,476	7,857	49.36	143,888	10,390	5,128	Note
	Tai-Jie Transport & Storage Corporation	Taiwan	Transportation	25,000	25,000	2,500	100.00	28,906	3,032	3,032	Note
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	219,450	219,450	21,945	100.00	500,470	(8,442)	(8,442)	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	6,773	0.50	150,667	1,618,725	8,094	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	10,528	658	0.23	2,633	(342,932)	(773)	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	38	0.02	718	28,733	5	Note

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2020	December 31, 2019	Shares/Units (In Thousands)	%	Carrying Amount			
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	\$ 388,079	\$ 388,079	22,009	2.23	\$ 704,811	\$ (40,061)	\$ 2,112	
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	312,833	312,833	31,860	4.94	212,916	(119,256)	(5,889)	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	325,995	325,995	10,300	100.00	4,334,260	26,172	26,172	Note
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	49,855	1,159	1,159	Note
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	49,882	49,882	2,055	0.21	65,867	(40,061)	197	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	26,715	(342,932)	(7,841)	Note
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	112,898	112,898	11,696	1.81	78,161	(119,256)	(2,162)	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	261	0.67	15,139	25,387	170	Note
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	281,806	281,806	11,464	1.16	367,345	(40,061)	1,100	
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	298,046	298,046	30,703	4.76	205,185	(119,256)	(5,676)	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Taiwan	Renewable energy generation	1,000	1,000	100	100.00	998	-	-	Note
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation	Taiwan	Renewable energy generation	752,000	752,000	75,200	100.00	695,748	(13,020)	(13,020)	Note
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	25,000	2,500	100.00	22,493	(79)	(79)	Note
	TCC Lien-Shen Green Energy Corporation	Taiwan	Renewable energy generation	12,000	12,000	1,200	100.00	9,082	(8)	(8)	Note
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	5,000	500	100.00	2,449	(8)	(8)	Note
	TCC Kao-Cheng Green Energy Corporation	Taiwan	Renewable energy generation	12,000	12,000	1,200	100.00	9,874	(27)	(27)	Note
	TCC Nan-Chung Green Energy Corporation	Taiwan	Renewable energy generation	170,000	170,000	17,000	100.00	167,862	119	119	Note
	Chang-Wang Wind Power Co, Ltd.	Taiwan	Renewable energy generation	720,000	720,000	72,000	100.00	672,588	46	46	Note
	TCC Ping-Chih Green Energy Corporation	Taiwan	Renewable energy generation	2,000	2,000	200	100.00	1,948	(8)	(8)	Note
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	916,120	908,694	30,310	100.00	3,535,509	36,368	36,368	Note
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	154,148	152,898	5,100	100.00	722,166	9,212	9,212	Note
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	3,023	2,998	100	100.00	73,537	151	151	Note
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	173,426	171,246	100	50.00	143,662	(37,129)	(18,564)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	26,592	26,258	129	31.50	177,421	(13,675)	(4,308)	
Taiwan Cement Dutch	Cimpor Global Holdings B.V.	Netherlands	Holding company	28,669,803	29,380,240	100	40.00	27,186,673	49,730	6,024	

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

A.

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of March 31, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd. (Note 8)	Manufacturing and sale of cement	\$ 453,375	(b)	\$ 154,148	\$ -	\$ -	\$ 154,148	\$ -	-	\$ -	\$ -	\$ -	Note 6
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	491,156	(b)	277,503	-	-	277,503	3,203	100.00	3,203	933,429	-	Note 6
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facilities	151,125	(b)	85,386	-	-	85,386	(5,430)	100.00	(5,430)	257,634	-	Note 6
TCC Liuzhou Construction Materials Company Limited	Manufacturing and sale of slag powder	408,038	(b)	97,929	-	-	97,929	8,036	42.00	3,375	395,687	-	Note 6
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,689,240	(b)	4,804,596	-	-	4,804,596	655,295	100.00	655,295	25,415,137	-	Note 6
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	7,042,425	(b)	4,110,449	-	-	4,110,449	177,114	100.00	177,114	14,253,596	-	Note 6
TCC (Guangan) Cement Ltd.	Manufacturing and sale of cement	10,061,174	(b)	7,196,569	-	-	7,196,569	477,585	100.00	477,585	25,639,537	-	Note 6
Jiangsu TCC Investment Co., Ltd.	Investment	1,511,250	(b)	853,856	-	-	853,856	39,712	100.00	39,712	3,196,206	-	Note 6
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,821,608	(b)	3,283,436	-	-	3,283,436	340,329	100.00	340,329	15,297,262	-	Note 6
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,578,605	(b)	1,347,476	-	-	1,347,476	(91,271)	100.00	(91,271)	1,538,505	-	Note 6
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,639,235	(b)	3,379,940	-	-	3,379,940	(37,157)	100.00	(37,157)	7,301,129	-	Note 6
TCC Chongqing Cement Co., Ltd.	Manufacturing and sale of cement	3,566,550	(b)	2,578,838	-	-	2,578,838	248,285	100.00	248,285	8,288,065	-	Note 6
TCC Guangan Cement Company Ltd.	Manufacturing and sale of cement	2,327,023	(b)	1,689,438	-	-	1,689,438	63,356	100.00	63,356	4,732,572	-	Note 6
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	604,500	(b)	341,543	-	-	341,543	5,132	100.00	5,132	323,334	-	Note 6
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	613,568	(b)	276,564	-	-	276,564	(37,400)	65.00	(24,310)	464,989	-	Note 6
TCC New (Hangzhou) Management Company Limited	Operation management	241,800	(b)	136,617	-	-	136,617	(11,779)	100.00	(11,779)	159,158	-	Note 6
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,658,005	(b)	1,081,281	-	-	1,081,281	(13,889)	100.00	(13,889)	3,654,882	-	Note 6
TCC Shaoguan Cement Co., Limited	Manufacturing and sale of cement	2,088,548	(b)	1,957,069	-	-	1,957,069	(1,923)	100.00	(1,923)	1,917,437	-	Note 6
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,041,739	(b)	3,120,910	-	-	3,120,910	15,788	100.00	15,788	3,567,659	-	Note 6
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	395,715	(b)	5,713,112	-	-	5,713,112	(44,580)	100.00	(44,580)	2,797,425	-	Note 6
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	42,550	(b)	-	-	-	-	(7,242)	100.00	(7,242)	1,382,489	-	Note 6
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	42,550	(b)	-	-	-	-	(3,375)	100.00	(3,375)	46,221	-	Note 6
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	120,900	(b)	378,021	-	-	378,021	(5,600)	100.00	(5,600)	253,575	-	Note 6
TCC Yingde Mining Industrial Company Limited	Mining excavation	347,588	(b)	273,466	-	-	273,466	(2,124)	100.00	(2,124)	442,280	-	Note 6
TCC Guigang Mining Industrial Company Limited	Mining excavation	151,125	(b)	130,531	-	-	130,531	(3,372)	100.00	(3,372)	358,443	-	Note 6
Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	623,400	(b)	-	-	-	-	11,958	100.00	11,958	491,373	-	Note 6
Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	1,680,725	(b)	-	-	-	-	26,168	100.00	26,168	2,858,893	-	Note 6
Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	98,929	(b)	-	-	-	-	(626)	100.00	(626)	4,343	-	Note 6
Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	106,375	(b)	-	-	-	-	(2,626)	100.00	(2,626)	118,793	-	Note 6
Anshun Xin Tai Construction Materials Company Limited	Sand and gravel filtering and sale of ready-mixed concrete	63,825	(b)	92,889	-	-	92,889	(1,507)	100.00	(1,507)	60,089	-	Note 6
Fuzhou TCC Information Technology Co., Ltd. (Note 5)	Software product and equipment maintenance	3,023	(b)	3,023	-	-	3,023	854	100.00	854	12,168	39,372	Note 6
Da Tong (Guigang) International Logistics Co., Ltd. (Note 5)	Logistics and transportation	151,125	(b)	-	-	-	-	9,182	100.00	9,182	705,603	-	Note 6
Da Tong (Ying De) Logistics Co., Ltd. (Note 5)	Logistics and transportation	21,275	(b)	-	-	-	-	1,181	100.00	1,181	107,660	-	Note 6
Guigang Da-Ho Shipping Co., Ltd. (Note 5)	Marine transportation	17,020	(b)	-	-	-	-	4,784	100.00	4,784	382,056	-	Note 6
Prosperity Conch Cement Co., Ltd.	Manufacturing and sale of cement	2,467,900	(b)	2,225,317	-	-	2,225,317	824,238	25.00	206,060	5,942,691	-	
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,510,375	(b)	1,450,809	-	-	1,450,809	58,307	30.00	17,492	1,693,650	-	
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	1,755,528	(b)	702,548	-	-	702,548	67,909	30.00	20,373	1,148,210	-	
Sichuan Taichang Building Material Group Company Limited	Manufacturing and sale of cement	851,000	(b)	351,197	-	-	351,197	(11,202)	30.00	(3,361)	179,375	-	
Guangan Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	65,953	(b)	47,945	-	-	47,945	-	50.00	-	-	-	
Guigang TCC Donyuan Environmental Technology Limited	Dangerous waste treatment	497,835	(b)	497,835	-	-	497,835	(12,820)	95.20	(12,205)	488,238	-	Note 6
Beijing TCC Environment Technology Co., Ltd.	Technology development, business management and sales	25,530	(b)	25,530	-	-	25,530	(8,077)	100.00	(8,077)	(2,518)	-	Note 6

(Continued)

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of March 31, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					Outflow	Inflow							
TCC (Hangzhou) Environment Technology Limited	Environment, cement, business management consulting	\$ 2,978,500	(b)	\$ 2,978,500	\$ -	\$ -	\$ 2,978,500	\$ (52,024)	100.00	\$ (52,024)	\$ 2,770,432	\$ -	Note 6
Kaili TCC Environment Technology Co., Ltd.	Waste collection and treatment	12,765	(b)	12,765	-	-	12,765	(2,754)	100.00	(2,754)	24,605	-	Note 6
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	Technology development, business management and sales	9,361	(b)	9,361	-	-	9,361	(262)	55.00	(144)	8,055	-	Note 6

Accumulated Investment in Mainland China as of March 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$71,873,265	\$72,554,534	(Note 7)

Note 1: The method of investments were as 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 March 31, 2020, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

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

Note 6: 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 March 2020 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 wended up their business and the relevant procedures are still under the process at the end of 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 THREE MONTHS ENDED MARCH 31, 2020
(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	\$ 114,316	30 days	0.5
				Accounts receivable from related parties	133,367	30 days	-
		Taiwan Transport & Storage Corporation	1	Operating costs and expenses	167,189	30 days	0.8
		Hoping Industrial Port Corporation	1	Operating costs and expenses	127,050	20 days	0.6
		Ho Sheng Mining Co., Ltd.	1	Operating costs and expenses	152,328	30 days	0.7
		TCCIH	1	Operating revenue	109,588	By contract	0.5
		Ta-Ho Maritime Corporation	1	Operating costs and expenses	333,146	30 days	1.5
		E.G.C. Cement Corporation	1	Accounts payable to related parties	199,674	30 days	0.1
				Operating revenue	125,129	50 days after the end of the day when delivery was made	0.6
Accounts receivable from related parties	112,378			50 days after the end of the day when delivery was made	-		
				Lease liabilities - non-current	265,457	By contract	0.1
1	Ho-Ping Power Company	Hoping Industrial Port Corporation	3	Operating costs and expenses	251,090	20 days	1.1
		HPC Power Service Corporation	3	Operating costs and expenses	119,114	By contract	0.5
2	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Finance lease receivables	1,053,479	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	Tai-Jie Transport & Storage Corporation	Taiwan Transport & Storage Corporation	3	Other payables to related parties	100,000	30 days	-

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 exceeding \$100 million.