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The Taiwan Cement Corporation 2019 Annual Report

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Table of Contents

1 Chairman's Address	001
2 Company profile	
2.1 Establishment	006
2.2 TCC history.....	006
3 Governance	
3.1 Organization.....	007
3.2 Profiles of the directors, president, vice presidents, assistant vice presidents, departments, branches and subsidiaries heads	009
3.3 Status of corporate governance	036
3.4 Information of CPA audit fee.....	067
3.5 Replacement of certified public accountants.....	068
3.6 The chairman, president and/or managerial officers in charge of finance or accounting served at the firm(s) or affiliate(s) of the auditing CPAs in the preceding year	068
3.7 Changes in the transfer or pledge of shares by directors, managers, and shareholders holding over 10% of the outstanding shares in the preceding year and by the date of report publication	069
3.8 Mutual relationships among top ten shareholders.....	072
3.9 Syndicated Shareholdings	073
4 Capital Raising	
4.1 Capital and shares.....	074
4.2 Structure of shareholdings.....	076
4.3 Diversification of shareholdings	076
4.4 List of major shareholdings.....	077
4.5 Information on the market price, net value, earning dividends, others per share.....	078
4.6 Dividend policy and implementation	079
4.7 Impacts of the stock grants proposed by the current AGM of shareholder on the company's operations and EPS.....	080
4.8 Rewards of employees and directors.....	080
4.9 Status of stock buyback	081
4.10 Status of corporate bonds.....	082
4.11 Status of preferred shares.....	087
4.12 Status of global depositary receipts (GDR)	089
4.13 Status of employee stock options/warrants	089
4.14 Status of restricted stock awards	089
4.15 Status of acquisition or transfer of other newly issued shares from other companies	089
4.16 Capital utilization plan	090

5 Overview of Operations

5.1 Business activities	092
5.2 Market, production, and sales	100
5.3 Profiles on employees in the past two years from the date of report publication	109
5.4 Information on environmental protection expenditures	109
5.5 Labor-management relations	113
5.6 Important contracts	114

6 Financial Position

6.1 Condensed statements of assets and liabilities and comprehensive income and loss statements of the past five years	116
6.2 Important financial ratio analysis.....	120
6.3 Audit Committee's report on financial statements	123
6.4 Consolidated financial statements of the previous year	124
6.5 Parent company only financial statement of the previous year.....	136
6.6 Financial difficulties for the company and its affiliates	145

7 Review of the financial position, financial performance, and risk management

7.1 Financial position.....	146
7.2 Financial performance	146
7.3 Cash flow.....	147
7.4 Influence of major capital spending on financial positions and operations in recent years	147
7.5 Re-investment policies, main causes of profit or loss, improvement plans in the previous year, and investment plans in the coming year.....	147
7.6 Risk analysis and assessment	148
7.7 Other material information.....	158

8 Special notes

8.1 Information of affiliates.....	159
8.2 Private placements of securities in the previous year and by the date of report publication.....	196
8.3 Stocks of this Company held and disposed by subsidiaries in the previous year and by the date of report publication	196
8.4 Other required supplementary notes	196

9 Events with material impacts on equity or stock price as specified in item 2, paragraph 2, Article 36 of the Securities and Exchange Act in the previous year and by the date of report publication

197

Chairman's Address

Coronavirus, a Time for Reflections Nelson A. Chang

The city is empty.
The streets are quiet.
That city, that bridge.
That street, that plaza.
That church, that temple.
All are still there.

The Colosseum is still there.
The Milan Duomo is still there.
The Pantheon is still there.
L'Arc de Triomphe in Paris, Westminster in London,
Cologne Cathedral in Germany, Sagrada Familia in Barcelona,
the Statue of Liberty in New York, the Golden Gate Bridge in San Francisco,
the Meiji Shrine in Tokyo, Christ the Redeemer in Rio de Janeiro,
Beijing's Forbidden City and Great Wall,
all the important historic totems,
as well as
Taipei's little, nameless temples for the Land Guardian,
are all still there.

Even in a city without human presence,
human civilization has not disintegrated.
Every bridge symbolizes a time.
Every plaza tells a story.
Each church represents a faith and human perplexity.
Every lofty tower or skyscraper declares a great breakthrough.
All are still standing,
silently, contemplating.

This world still functions.
Same as always in history,
when the big Tsunami hits,
when a huge disaster comes,
Humans still escape danger in a cement-built shelter.
Buildings are still humanity's best refuge.
This time we are escaping from the new coronavirus.

Long ago, the Black Death swept Europe and Central Asia.
Smallpox wiped out a big chunk of the population of the Americas.
Yellow fever defeated Napoleon.

A plague ended the Ming Dynasty in China.
Viruses know no cultures, no borders, no reasons, no humanity,
and see no differences among the whites, blacks and yellow races.

Fear is the aggregate of all powers.
We must acknowledge the existence of fear,
in order to face it and to deal with it.

The history of humanity is the history of epidemic diseases.
Illness is the most complicated part of the complex relationships between humans and the natural environment.
Human history and plagues have always been chasing each other.
They existed in the past, they exist today.
Even if humans have not learned to balance our relationship with nature,
in the future, the plagues will still exist.

Nature uses land, water, sunlight, fire, air, and wind
to carve out mountains, rivers, waterfalls, forests, and the five continents of the world.

Humans use culture, legends, reason, faith, technology, and sciences
to carve our own totems of different civilizations.
We learned again and again, and had breakthroughs again and again.
And again and again we learned to submit to Mother Nature.

Of course, in the times of great change and crisis, mankind also learns.
The progress of human civilization happened
every time we overcame difficulties and disasters.
We work hard today for a better tomorrow.
Man had endless demands from Nature in the past.
Right now,
auto plants around the world have ceased production,
airlines' planes that criss-crossed the skies are almost all grounded.
From the Dutch flower market to Milan's fashions,
all became garbage.

Human beings have globalized economic and commercial activities,
global financial stock markets,
international entertainment and art,
but there was no humanism-oriented common value.
Selfishness still prevailed when the disasters struck.

When the Cordon Sanitaire is pulled around a city,
democratic ideals and individualism are no longer the main social values.
When the doctor must choose who to save and who to give up on,
what's left is only primitive instinct.
Survive! Survive! Survive!

Coronavirus in 2019 gives us a chance to fully reflect on ourselves--
7.7 billion people in this world, speaking 6,500 different languages,
but there is only one Earth,
our only answer is an interdependent future.
Humans must reflect together,
share daily lives, mutual economic activities, common life values.
What do we really need and what is unnecessary waste?
Does a good life equal economic growth or more consumption?
Is a happy life equal to newer technological products?

Because of limited resources,
our limited ability to bear hardship, our limited life span,
the cycle of nature is so sacred
and so wise.
And life is so precious.

What TCC chases, what TCC believes in
is to concern itself with the evolution of human civilization,
is the relationship between man and nature.
TCC is a green environmental engineering company,
seeking a worthwhile future for humanity.
TCC uses 1300 degrees
to learn from nature and her ability to restore,
return to air, wind, water, and land.
To cleanly and efficiently use all resources,
and cleanly return all back to Mother Nature.
Let humans reposition our roles in nature.
And everyone pursues their own Eudaimonia.

Yellow daffodils waltz in the gentle spring light, azaleas burst with brilliant colors,
orange blossom air smells so sweet, butterflies and honey bees tango in the bushes, green grasses sway tenderly with
tiny white daisies, and two hawks soar leisurely across the crystal blue sky.

I am strolling on a gray stone path--
a temporary respite from this dreadful epidemic.
Nature is so beautiful and yet the virus is still so rampant.
Mother Nature, what are you saying?
Sun, wind, flowers, birds, butterflies, grasses, men and viruses,
all part of your creations.

What are we?
Where is the balance?
Have we altered this balance?
Why are we so fragile?
The answers are in the wind,
in the sun, in the sky, in the flowers,
in our hearts.
Everything is in the natural cycle.



The following is the 2019 business report of Taiwan Cement Company:

In 2019, TCC's consolidated revenue was NT\$122.78 billion, representing a 1.5% decrease compared to 2018. After tax net income was NT\$24.21 billion, showing a one-year growth of 14.3% and achieving 129.6% of the budgeted goal with earnings per share (EPS) of NT\$4.43.

Combining clinker sales with cement and using cement as the base, total production of cement and clinker in Taiwan and Mainland China reached 57.92 million tons, compared to 60.36 million tons in 2018, the figure showed a one-year decrease of 4.0%. In Taiwan, the total sales volume reached 4.45 million tons, representing a one-year decrease of 1.1%, equivalent to 50,000 tons less compared to the total sales volume in 2018. In Mainland China, total sales volume reached 52.53 million tons, representing a one-year increase of 1.6%, equivalent to 830,000 tons more compared to 2018. Ready-mix concrete (RMC) sales volume reached 5.42 million cubic meters in 2019, showing a one-year growth of 9.3%, equivalent to 460,000 cubic meters more compared to 2018.

TCC aims to achieve environmental standards that are stricter than government standards, therefore, the Company modified electrostatic precipitators into electric bag-combined precipitation, installed wet desulfurization towers, enhanced SNCR equipment, added multi-stage burning systems and plans to add chloride bypass systems to raise environmental protection. Using advanced technology, TCC can monitor and collect real-time production data to construct a comprehensive smart production system that can greatly increase production safety and operation efficiency.

Looking into 2020, as the COVID-19 outbreak spreads rapidly around the world, the global economy has been significantly impacted. Despite the fact that many governments are providing quantitative easing and fiscal stimulus measures, the effects are limited. The economic development in 2020 is going to face numerous obstacles. TCC will continue to comply with government policies and satisfy customer demand by aiming to achieve our combined cement and clinker sales volume target of 48.88 million tons and RMC sales volume target of 5.43 million cubic meters. We will also continue to move toward our goal of becoming a green environmental engineering company focused on the complex relationship between humans and nature.

Chairman



Company profile

2.1 Establishment

Date of establishment: May 1946
Date of establishment registration: 29 December 1950
Date of privatization: November 1954

Capital
Authorized capital: NT\$70 billion
Paid-up capital: NT\$ 56,656,192,040

2.2 TCC history

(1) About TCC

After Taiwan restoration, the government established a cement industry supervisory committee in April 1946 and took over the Taiwan Plant of Asano Semento Kabushiki Kaisha Asano Cement Co., Ltd. (the forerunner of the Kaohsiung Plant), Taiwan Chemicals Co., Ltd. (the forerunner of the Suao Cement Plant), Southern Cement Co., Ltd. (the forerunner of the Zhudong Plant, and the Songshan Workshop of Taiwan Cement Co., Ltd. (the forerunner of the Taipei Cement Plant). On May 1, 1946, Taiwan Cement Corporation (TCC) was officially established as a joint-venture between the then Natural Resources Commission of the Ministry of Economic Affairs (MOEA) and the then Taiwan Provincial Government. On January 1, 1951, the joint-venture was re-structured as an incorporated establishment (public limited company, PLC). After the Natural Resources Commission was abolished in 1952, TCC was co-operated by the MOEA and the then Taiwan Provincial Government. After the government implemented the Land-to-the-Tiller Program in 1953, TCC was then transformed from a state-owned business into a private enterprise on November 11, 1954, with jurisdiction over the Kaohsiung, Suao, and Zhudong cement plants and the Taipei and Gushan cement product plants. On February 9, 1962, we were the first to support the government's capital securitization policy and became the first public company listed on the Taiwan Stock Exchange.

It has been over six decades since our privatization. Over the last 50 years, apart from actively participating in major national infrastructure projects through which we made persistent growth, we are the best witness and walking evidence of the "Taiwan Experience" for our involvement in Taiwan's social changes and economic development. The paid-capital has increased from NT\$270 million at the time of privatization to over NT\$56.7 billion today, up by over 100 times. In Taiwan, capacity expanded from 0.5 million tonnes to over 10 million tonnes today, up by more than 20 times. Sales volume rose from NT\$240 million to NT\$19.1 billion in 2019. All these achievements have made us an example of the success of the government's privatization of state-owned businesses.

Including affiliates, our scope of business covers the manufacture and sales of chemical engineering products, coal-fired and renewable energy generation plants, maritime and inland transportation, production and sales of fire-retardant materials, undertaking engineering contracts for the prevention and control of environmental pollution, and the production, services and sales of related products and equipment, as well as the undertaking of contracts for waste disposal. In 2019, the consolidated revenue was NT\$122.8 billion.

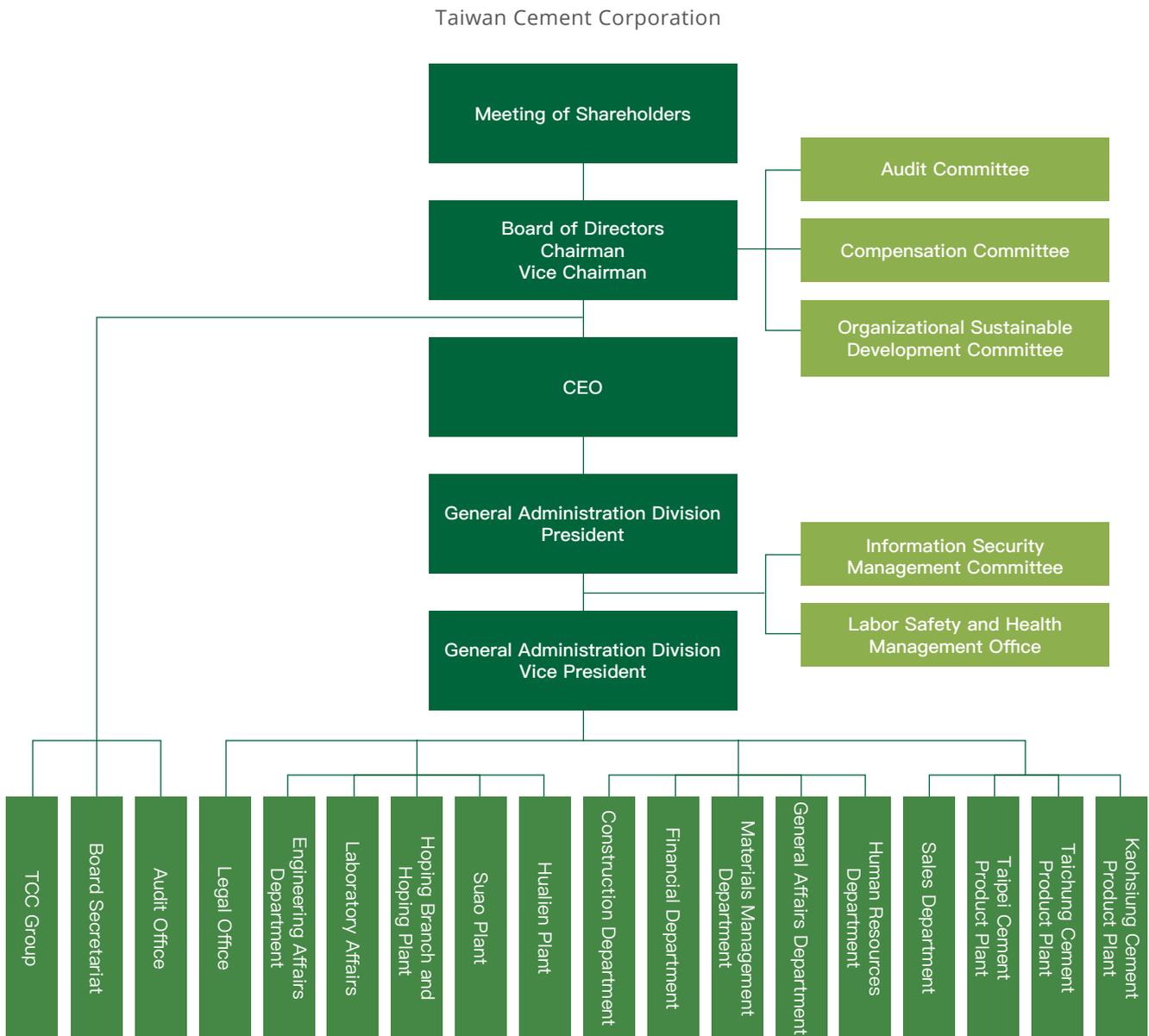
(2) Merger and acquisition activities in the most recent calendar year and up to the printing of this annual report: None.

(3) Instances in which a major quantity of shares in possession of a director or a shareholder holding more than 10 per cent of the company stake is transferred or otherwise changes hands, or any change in managerial control, or any other matters of material significance that could affect the rights and interests of shareholders: None.

Governance

3.1 Organization

3.1.1 Organization structure



1. There are 21 branch plants and 3 distribution stations under the Taipei, Taichung, and Kaohsiung cement product plants.
2. There is a ready mixed concrete workshop in the Hualien Plant.
3. 2019.7.17 the Board of Directors approved appointment of the CEO.
4. 2020.3.20 the Board of Directors set up a risk management team which belongs to The Audit Committee.

3.1.2 Functions and duties of departments

Under the Board of Directors (BOD) there are the Audit Committee, Compensation Committee, Organizational Sustainable Development Committee, Secretariat, TCC Group, and Audit Office. Their functions and duties are as follows:

(I) Secretariat: Custody of the Chairman's personal seal; preparation of board meetings; handling and coordination of clerical work, general affairs, and stock affairs; and custody of the seals of the General Affairs Division and CDO.

(II) TCC Group: Capturing and integration of group resources for sharing and demonstration of the scale of economy; standardization of regulations and systems within the group; sharing of successful experience and training; regular function audit; management consultancy and enquiry service within the group; other group-related business; improvement of management quality and reduction of costs; demonstration of group synergies and enhancement of overall competitiveness and profitability; and maximization of benefits for shareholders.

(III) Audit Office: Implementation of all major cycles of internal audits as per the annual audit program; supervision of the implementation and amendment of internal audit system of the organization and subsidiaries; proposition of improvement recommendations; and implementation of project investigation, follow-up, and improvements of anomalies.

Under the General Administration Division there are the Engineering Affairs Department, Laboratory Affairs, Sales Department, Financial Department, Human Resources Department, Materials Management Department, Legal Office, General Affairs Department, Construction Department, Labor Safety and Health Management Department and Information Security Management Committee. Their functions and duties are as follows:

(I) Engineering Affairs Department: Drawing up production plans; tracking, assistance, and evaluation of operational efficiency; renewal, maintenance, and improvement of mechanical and engineering (M&E) equipment; assistance with equipment procurement; planning, guidance; and tracking of engineering projects; supervision of environmental protection, industrial safety, total quality control, and quality assurance; investigation, study, assessment, planning, implementation and tracking construction and merger/restructuring projects in mainland China.

(II) Laboratory Affairs: Technical instructions of the manufacturing technology and quality control of cement and concrete; research and development of specialty cement, high-performance concrete, and energy-efficient technologies; development

and promotion of substances from waste recycling; technical enquiries and customer affairs before and after cement and concrete sales.

(III) Sales Department: Drawing up of product sales plans; product domestic and export sales and storage; and supervision and evaluation of cement distribution stations.

(IV) Financial Department: Processing and auditing routine accounting affairs and fund dispatch; cash management and financial planning; budget control and statement operational analysis; implementation and operation of related projects; supervision of subsidiaries; and handling of investor relations.

(V) Human Resources Department: Selection, education, employment, and retention of organizational employees; management and supervision of matters relating to human resources of each unit; and employee benefits and labor-management (employer-employee) relations.

(VI) Materials Management Department: Contracting of the production equipment procurement, civil engineering contracts, production ingredients and materials procurement; and management and dispatch of the materials warehouse.

(VII) Legal Office: Preparation, revision and approval of legal documents; provision of legal advice; handling of litigation/non-litigation incidents; legal risk control and other legal-related matters.

(VIII) General Affairs Department: Administering of general and administrative affairs unrelated to production; building repair; and planning, implementation and supervision of land and other assets.

(IX) Labor Safety and Health Management Office: Administering the safety and health affairs of all employees within the organization.

(X) Construction Department: responsible for the planning and development of lands and construction projects of the Group.

Major services of subordinate organizations:

(1) Heping Branch and Heping Plant, Suao Plant, Hualian Plant: Cement manufacture.

(2) Taipei, Taichung, and Kaohsiung cement product plants (including three distribution stations): Manufacture and sales of ready mixed concrete and management of distribution stations.

3.2 Profiles of the directors, president, vice presidents, assistant vice presidents, departments, branches and subsidiaries heads

3.2.1 Information of Directors

Title	Nationality or Registration place	Name	Gender	Elected (inaugurated) Date	Tenure	Date of initial elected office	Shareholdings at the time of elected office		Current shareholdings	
							Quantity	Proportion(%)	Quantity	Proportion(%)
Chairman	ROC	Chai Hsin R.M.C. Corporation Representative: Chang An Ping	Male	2018/6/22	3 years	2018/6/22	2,453,833	0.06	2,888,454	0.05
							156,573	0.00	184,304	0.00
Vice Chairman (NOTE 1)/ Director	Hong Kong	Tai Ho Farming Co., Ltd. Representative: Koo, Kung-Yi	Male	2018/6/22	3 years	2018/6/22	4,889,281	0.12	5,755,269	0.11
							-	-	535,054	0.01

April 11, 2020: book closure date for AGM

Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent Positions in this and other companies	Other officers, directors, or supervisors of the company who is a spouse or relative within the 2 nd degree of kinship under the Civil Code			Note
Quantity	Proportion(%)	Quantity	Proportion(%)			Title	Name	Relationship	
-	-	NA	NA	M.B.A., School of Business Administration, New York University, 1976;	Chairman, Ho-Ping Power Company; Chairman, E-One Moli Energy Corporation; Chairman, TCC Recycle Energy Technology; Chairman, TCC Investment Corporation; Chairman, Union Cement Traders Inc.; Chairman, TCC Chemical Corporation; Chairman, TCC International Holdings Ltd.; Chairman, TCC (Hangzhou) Environmental Protection Technology; Chairman, Chia Hsin Foundation; Director, O-Bank; Director, Taiwan Stock Exchange Corporation; Director, Taiwan Transport & Storage Co., Ltd.;	NA	NA	NA	Note2
3,601,770	0.07	NA	NA	Chairman, International CSRC Investment Holdings Co., Ltd.;	Chairman, Chai Hsin R.M.C Corporation; Director, Ta-Ho Maritime Corporation; Director, CTCI Corporation; Director, Chinatrust Investment Co., Ltd.;				
				Chairman, Taiwan Prosperity Chemical Corporation	Director, TCC Information Systems Corporation; Director, Cheng Hsin General Hospital; Director, Hoping Industrial Port Corporation; Director, Hong Kong Cement Manufacturing Co., Ltd.;				
					Director, TCC International Ltd. (TCCI); Director, TCC Hong Kong Cement (BVI) Holdings Ltd.;				
					Director, TCC Hong Kong Cement International Ltd.;				
					Director, Upper Value Investments Ltd.;				
					Independent Director, Synnex Technology International Corporation				
-	-	NA	NA	MBA, The Wharton School of University of Pennsylvania;	Chairman, Taiwan Prosperity Chemical Corporation; Chairman, International CSRC Investment Holdings Co., Ltd.;	NA	NA	NA	
				Vice President, Morgan Stanley Investment Banking Department	Director, TCC International Holdings Limited; Director, TCC International Limited; Director, Ho-Ping Power Company; Director, E-One Moli Energy Corporation; Director, China Steel Chemical Corporation				
-	-	NA	NA						

Title	Nationality or Registration place	Name	Gender	Elected (inaugurated) Date	Tenure	Date of initial elected office	Shareholdings at the time of elected office		Current shareholdings	
							Quantity	Proportion(%)	Quantity	Proportion(%)
Director	ROC	C. F. Koo Foundation Representative: Li, Jong-Peir	Male	2018/6/22	3 years	2016/6/22	2,308,909	0.05	3,017,861	0.06
							-	-	749,076	0.01
Director	ROC	Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason	Male	2018/6/22	3 years	2012/6/21	176,262,460	4.15	207,482,018	3.80
							190,000	0.00	-	-
Director	ROC	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	Male	2018/6/22	3 years	2003/6/26	9,554,654	0.23	11,246,971	0.21
							60,427	0.00	71,129	0.00
Director	ROC	Hsin He Investment Co., Ltd. Representative: Chi-wen Chang	Male	2018/6/22	3 years	2000/5/30	10,701,572	0.25	16,136,043	0.30
							2,010,227	0.05	3,216,041	0.06
Director	ROC	Sishan Investment Co., Ltd. Representative: Lin Nan-Chou	Male	2018/6/22	3 years	2003/6/22	7,525,603	0.18	8,858,535 *259,300	0.16 *0.13
							2,180,642	0.05	2,684,588 *78,581	0.05 *0.04
Director	ROC	International CSRC Investment Holdings Co., Ltd. Representative: Kenneth C.M. Lo	Male	2018/6/22	3 years	2002/6/18	83,777,716	1.97	98,616,401 *2,000,000	1.80 *1.00
							-	-	-	-
Director	ROC	Chung Cheng Development Investment Co., Ltd. Representative: Yu Tzun-Yen	Male	2018/6/22	3 years	2018/6/22	22,699,527	0.53	26,720,060 *782,130	0.49 *0.39
							-	-	-	-

Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent Positions in this and other companies	Other officers, directors, or supervisors of the company who is a spouse or relative within the 2 nd degree of kinship under the Civil Code			Note
Quantity	Proportion(%)	Quantity	Proportion(%)			Title	Name	Relationship	
-	-	NA	NA	MS in Information Technology Management, John Hopkins University;	Director and President, Ho-Ping Power Company; Chairman, TCC Information Systems Corporation; Chairman, Ta-Ho Maritime Corporation; Director and President, TCC Investment Corporation; Director, Taiwan Prosperity Chemical Corporation; Director, TCC Chemical Corporation; Director, Taiwan Transport & Storage Co., Ltd.; Director and President, Union Cement Traders Inc.;	NA	NA	NA	
-	-	NA	NA	President of HSBC (Taiwan) Commercial Bank and President, Taiwan, HSBC	Director, E-One Moli Energy Corporation; Director, TCC Recycle Energy Technology; Director, Ta-Ho Maritime (Hong Kong) Limited; Director, Taiwan Cement (Dutch) Holdings B.V.; Director and President, TCC (Hangzhou) Environmental Protection Technology; Director (corporate representative) and Chairman, TCC New (Hangzhou) Management Company Limited; Director, CIMPOR GLOBAL HOLDINGS B.V.; Director, TCCMOLI HOLDINGS (SINGAPORE) PTE. Ltd.; Director, THC International S.A.; Independent Director, TransGlobe Life Insurance Inc.				
-	-	NA	NA	MS, Management Studies, Massachusetts Institute of Technology	Chairman, Chia Hsin Cement Corporation and Chia Hsin International Co., Ltd.	NA	NA	NA	
229,003	0.00	NA	NA						
-	-	NA	NA	S.J.D., Harvard Law School	Chairman, Shinkong Synthetic Fibers Corporation; Chairman, Shinkong Materials Technology Co., Ltd.; Chairman, UBright Optronics Corporation; Chairman, TacBright Optronics Corporation	NA	NA	NA	
711,182	0.01	NA	NA						
-	-	NA	NA	Master's Degree in Accountancy and Master's Degree of Administration in California State University, Fresno	Director & President, Hsin He Investment Co., Ltd.; Lecturer/Adjunct Faculty San Jose State University, University of San Francisco, Golden Gate University	NA	NA	NA	
-	-	NA	NA						
-	-	NA	NA	MBA, La Trobe University, Melbourne, Australia.	Chairman, Sishan Investment Co., Ltd.	NA	NA	NA	
-	-	NA	NA						
-	-	NA	NA	M.A. in Finance, The University of Alabama	Chairman, O-Bank	NA	NA	NA	
-	-	NA	NA						
-	-	NA	NA	Harvard Business School, USA, BS, Electrical Engineering, National Taiwan University	Chairman, CTCI Corporation	NA	NA	NA	
-	-	NA	NA						

Title	Nationality or Registration place	Name	Gender	Elected (inaugurated) Date	Tenure	Date of initial elected office	Shareholdings at the time of elected office		Current shareholdings	
							Quantity	Proportion(%)	Quantity	Proportion(%)
Director	ROC	Chia Hsin Cement Corporation Representative: Chen Chi-Te	Male	2018/6/22	3 years	2012/6/21	176,262,460	4.15	207,482,018	3.80
							-	-	-	-
Director	ROC	Fu Pin Investment Co., Ltd. Representative: Wang Por-Yuan	Male	2018/6/22	3 years	2003/6/26	62,688,346	1.48	73,791,688	1.35
							-	-	-	-
Director	ROC	Fu Pin Investment Co., Ltd. Representative: Hsieh Chi-Chia	Male	2018/6/22	3 years	2003/6/26	62,688,346	1.48	73,791,688	1.35
							400,000	0.01	470,847	0.01
Director	ROC	Heng Qiang Investment Co., Ltd. Representative: Chien, Wen	Male	2018/6/22	3 years	2003/6/26	82,719,582	1.95	97,370,851	1.78
							-	-	-	-
Director	ROC	Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu	Female	2018/6/22	3 years	2003/6/26	125,098,870	2.95	230,523,166	4.22
							-	-	-	-

Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent Positions in this and other companies	Other officers, directors, or supervisors of the company who is a spouse or relative within the 2 nd degree of kinship under the Civil Code			Note																																																															
Quantity	Proportion(%)	Quantity	Proportion(%)			Title	Name	Relationship																																																																
-	-	NA	NA	MBA, University of California Santa Clara, USA	Vice Chairman, Chien Kuo Construction Co., Ltd.; Director, Chia Hsin Cement Corporation; Director (corporate representative), Chia Hsin Property Management and Development Corporation; Chairman, Ruihui Enterprise Limited; Chairman, Chien Hwei Investment Co., Ltd.; Chairman (corporate representative), Rock Publishing International; Director, Silver Shadow Holdings Co., Ltd.; Director, Golden Canyon Co., Ltd.; Director, Chien Kuo Asia Co., Ltd.; Chairman (corporate representative), Chien Kuo Building Co., Ltd.; Chairman, Anping Housing Co., Ltd.; Chairman, Chien Hwei Cultural & Educational Foundation; Chairman, Chien Kuo Foundation for Arts and Culture	NA	NA	NA																																																																
5,379	0.00	NA	NA							-	-	NA	NA	Ph.D., Carnegie Mellon University, USA; Chairman, Sercomm Corporation;	Chairman, Sercomm Corporation; Director, Prosperity Dielectrics Co., Ltd.; Independent Director, UPC Technology Corporation	NA	NA	NA		-	-	NA	NA	Chairman, Pacific Venture Partners; Chairman, K.T. Li Foundation of Development of Science and Technology	-	-	NA	NA	Ph.D. in Electrical Engineering, University of California Santa Clara, USA; Chairman, Microelectronics Technology Inc.	Chairman, IQE Taiwan Corporation; Chairman, Jupiter Network Corporation; Chairman, Welltop Technology Co., Ltd.; Chairman, Taicom Capital Limited; Director, Microelectronics Technology Inc.; Director, Advanced Wireless Semiconductor Company; Director, Bright LED Electronics Corp.; Director, Bright Crystal Company; Director, Sasson Capital Corporation; Director, Jupiter Technology (Wuxi) Co., Ltd.; Director, KOPIN CORP.; Director, Bright Crystal Company Limited; Director, TCM Limited; Independent Director, AcBel Polytech Inc.; Independent Director, Innolux Corporation	NA	NA	NA		-	-	NA	NA	-	-	NA	NA	MBA, The Wharton School of University of Pennsylvania; CFO, Winbond Electronics Corp.;	Director, International CSRC Investment Holdings Co., Ltd.; Director, Chinatrust Investment Co., Ltd. ; Supervisor, Ta-Ho Maritime Corporation	NA	NA	NA		-	-	NA	NA	Supervisor, Winbond Electronics Corp.;	-	-	NA	NA	General Manager, Cathay Securities Investment Trust						-	-	NA	NA	EMBA, EMBA Program, Business School, National Taiwan University;	Partner, Tsar and Tsai Law Firm; Director, Chinatrust Investment Co., Ltd.; Independent Director, Jarly Technology Co., Ltd.	NA	NA	NA
-	-	NA	NA	Ph.D., Carnegie Mellon University, USA; Chairman, Sercomm Corporation;	Chairman, Sercomm Corporation; Director, Prosperity Dielectrics Co., Ltd.; Independent Director, UPC Technology Corporation	NA	NA	NA																																																																
-	-	NA	NA	Chairman, Pacific Venture Partners; Chairman, K.T. Li Foundation of Development of Science and Technology						-	-	NA	NA	Ph.D. in Electrical Engineering, University of California Santa Clara, USA; Chairman, Microelectronics Technology Inc.	Chairman, IQE Taiwan Corporation; Chairman, Jupiter Network Corporation; Chairman, Welltop Technology Co., Ltd.; Chairman, Taicom Capital Limited; Director, Microelectronics Technology Inc.; Director, Advanced Wireless Semiconductor Company; Director, Bright LED Electronics Corp.; Director, Bright Crystal Company; Director, Sasson Capital Corporation; Director, Jupiter Technology (Wuxi) Co., Ltd.; Director, KOPIN CORP.; Director, Bright Crystal Company Limited; Director, TCM Limited; Independent Director, AcBel Polytech Inc.; Independent Director, Innolux Corporation	NA	NA	NA		-	-	NA	NA	-	-	NA	NA	MBA, The Wharton School of University of Pennsylvania; CFO, Winbond Electronics Corp.;	Director, International CSRC Investment Holdings Co., Ltd.; Director, Chinatrust Investment Co., Ltd. ; Supervisor, Ta-Ho Maritime Corporation	NA	NA	NA		-	-	NA	NA	Supervisor, Winbond Electronics Corp.;	-	-	NA	NA	General Manager, Cathay Securities Investment Trust						-	-	NA	NA	EMBA, EMBA Program, Business School, National Taiwan University;	Partner, Tsar and Tsai Law Firm; Director, Chinatrust Investment Co., Ltd.; Independent Director, Jarly Technology Co., Ltd.	NA	NA	NA		-	-	NA	NA	LLM, Northwestern University; LLB, National Taiwan University									
-	-	NA	NA	Ph.D. in Electrical Engineering, University of California Santa Clara, USA; Chairman, Microelectronics Technology Inc.	Chairman, IQE Taiwan Corporation; Chairman, Jupiter Network Corporation; Chairman, Welltop Technology Co., Ltd.; Chairman, Taicom Capital Limited; Director, Microelectronics Technology Inc.; Director, Advanced Wireless Semiconductor Company; Director, Bright LED Electronics Corp.; Director, Bright Crystal Company; Director, Sasson Capital Corporation; Director, Jupiter Technology (Wuxi) Co., Ltd.; Director, KOPIN CORP.; Director, Bright Crystal Company Limited; Director, TCM Limited; Independent Director, AcBel Polytech Inc.; Independent Director, Innolux Corporation	NA	NA	NA																																																																
-	-	NA	NA							-	-	NA	NA	MBA, The Wharton School of University of Pennsylvania; CFO, Winbond Electronics Corp.;	Director, International CSRC Investment Holdings Co., Ltd.; Director, Chinatrust Investment Co., Ltd. ; Supervisor, Ta-Ho Maritime Corporation	NA	NA	NA		-	-	NA	NA	Supervisor, Winbond Electronics Corp.;	-	-	NA	NA	General Manager, Cathay Securities Investment Trust						-	-	NA	NA	EMBA, EMBA Program, Business School, National Taiwan University;	Partner, Tsar and Tsai Law Firm; Director, Chinatrust Investment Co., Ltd.; Independent Director, Jarly Technology Co., Ltd.	NA	NA	NA		-	-	NA	NA	LLM, Northwestern University; LLB, National Taiwan University																							
-	-	NA	NA	MBA, The Wharton School of University of Pennsylvania; CFO, Winbond Electronics Corp.;	Director, International CSRC Investment Holdings Co., Ltd.; Director, Chinatrust Investment Co., Ltd. ; Supervisor, Ta-Ho Maritime Corporation	NA	NA	NA																																																																
-	-	NA	NA	Supervisor, Winbond Electronics Corp.;																																																																				
-	-	NA	NA	General Manager, Cathay Securities Investment Trust																																																																				
-	-	NA	NA	EMBA, EMBA Program, Business School, National Taiwan University;	Partner, Tsar and Tsai Law Firm; Director, Chinatrust Investment Co., Ltd.; Independent Director, Jarly Technology Co., Ltd.	NA	NA	NA																																																																
-	-	NA	NA	LLM, Northwestern University; LLB, National Taiwan University																																																																				

Title	Nationality or Registration place	Name	Gender	Elected (inaugurated) Date	Tenure	Date of initial elected office	Shareholdings at the time of elected office		Current shareholdings	
							Quantity	Proportion(%)	Quantity	Proportion(%)
Director	ROC	Heng Qiang Investment Co., Ltd. Representative: Chih-Chung, Tsai	Male	2018/6/22	3 years	2003/6/26	82,719,582	1.95	97,370,851	1.78
							-	-	-	-
Independent Director	ROC	Yu-Cheng Chiao	Male	2018/6/22	3 years	2012/6/21	-	-	-	-
Independent Director	ROC	Victor Wang	Male	2018/6/22	3 years	2013/6/21	-	-	-	-
Independent Director	ROC	Sheng Chin Jen	Male	2018/6/22	3 years	2017/6/28	-	-	2,000	0.00
Independent Director	ROC	Lynette Ling-Tai, Chou	Female	2018/6/22	3 years	2018/6/22	15	0.00	1 *200,000	0.00 *0.10

NOTE 1: Koo, Kung-Yi resigned from the position of Vice Chairman on January 9, 2020.

NOTE 2: Where the Company's Chairman, general Chairman and general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures (such as increasing the number of independent directors, of which over 50% of the directors shall not concurrently act as an employee or managerial personnel) adopted in response thereto: The Company's CEO is responsible

Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent Positions in this and other companies	Other officers, directors, or supervisors of the company who is a spouse or relative within the 2 nd degree of kinship under the Civil Code			Note
Quantity	Proportion (%)	Quantity	Proportion(%)			Title	Name	Relationship	
-	-	NA	NA	MBA, Bernard M.Baruch College, CUNY; Senior Consultant, Taipei Branch, Natixis;	President, Chinatrust Investment Co., Ltd.	NA	NA	NA	
-	-	NA	NA	Director, Barclays Capital Securities (Taiwan) Co., Ltd.; CFO, Taipei Branch, Barclays Bank					
-	-	NA	NA	MS, Electronic Engineering, University of Washington, USA; BS, Communication Engineering Department, National Chiao Tung University, Taiwan; Chairman, Walsin Lihwa Corporation	Chairman/CEO, Winbond Electronics Corp.; Chairman, Nuvoton Technology Corp.; Director, Walsin Lihwa Corporation; Director, Walsin Technology Corporation; Director, Jin Cheng Construction Co., Ltd.; Director, Walsin Lihwa Holdings Limited; Director, Concord Industries Ltd.; Director, Walsin Specialty Steel Ltd.; Director, United Industrial Gases Co., Ltd.; Director, Song Yung Investment Co., Ltd.; Supervisor, MITAC Holdings Corporation; Manager, Goldbond LLC; Member of Compensation Committee, ; Independent Director, Synnex Technology International Corporation	NA	NA	NA	
-	-	NA	NA	BA in Accounting, Soochow University, Taiwan; EMBA, National Taiwan University, Taiwan; Chief Operations Officer & Vice Chairman of Auditing Service Division, Deloitte Taiwan	Director, Chilisun Electronics Corporation; Director, Yageo Corporation; Director, YFY Investment Holding Co., Ltd.; Independent Director, Fulin Plastic Industry (Cayman) Holding Co., Ltd.; Supervisor, DIVA Laboratories. Ltd.; Independent Director, Taiwan Navigation Co., Ltd.; Independent Director, DACIN Construction Co., Ltd.	NA	NA	NA	
-	-	NA	NA	Ph.D. in Political Science, Northwestern University, USA; Minister, Council for Cultural Affairs (now Ministry of Culture); Executive Yuan, ROC; CEO, ROC (Taiwan) Centenary Foundation; Chairperson, Research, Development and Evaluation Commission, Taipei City Government; CEO, The 21 st Summer Deaflympics; Professor, Department of Political Science, Soochow University, Taiwan; Host of TV programs "Discovery of Taiwan," and "Interpretation of Era" by ERA TV Station; Consultant, Poll Center of TVBS; Member of the Editing Committee, Issues & Studies	Independent Director, Taiwan Prosperity Chemical Corporation; President, L'Hotel de Chine Group; Chairman, FDC International Hotels Corporation; Chairman, LDC ITALY	NA	NA	NA	
2	0.00	NA	NA	PhD of Accounting, University of Houston; Master of Accounting, University of Houston; Bachelor, Major in International Business, Department of Commerce, National Taiwan University; Chief of Student Affairs, National Cheng Chi University; Deputy Dean, Business School, National Cheng Chi University; Dean, Department of Accounting; Managing Supervisor, Taiwan Public Television Services; Independent Director, F-MStar Co., Ltd.	Independent Director, Chief Telecom Co., Ltd.; Tenure Professor, Department of Accounting, National Cheng Chi University	NA	NA	NA	

for all affairs of the Company, its affiliates, and the resolution of the board of directors, and supervises the managers of the Company and its affiliates.

NOTE3: *refers to the preferred shares in the table.

Table 1: Major Institutional Shareholders

Institutional shareholders	Major Institutional Shareholders
Chai Hsin R.M.C. Corporation	Chang An Ping (65.30%); Chia Hsin Cement Corporation (13.71%); Long Chuang Investments Co., Ltd. (13.45%); Huai-Ru Koo (5.51%)
Tai Ho Farming Co., Ltd.	Hsing Cheng Investment Co., Ltd. (100%)
C. F. Koo Foundation	CTBC Bank Co., Ltd. (62%)
Chia Hsin Cement Corporation	Chia Hsin International Co., Ltd. (16.44%); Song Zuo Investment Co., Ltd. (8.88%); Yong-Ping Chang (5.39%); Taiwan Cement Corporation (3.54%); Ta-Ho Maritime Corporation (3.32%); Kang Hao Industrial Co., Ltd. (2.45%); Chia Hsin Foundation (1.92%); Zuo Yao Investment Co., Ltd. (1.89%); Kuo-Hui Ku (1.74%); Chai Hsin R.M.C. Corporation (1.70%)
Shinkong Synthetic Fibers Corporation	Shin Kong Life Insurance Co., Ltd. (5.81%); ShinKong Co., Ltd. (5.22%); Shin Sheng Investment Co., Ltd. (4.99%); Hwatai Bank Ltd. Property Trust Special Account (4.66%); Shinkong Textile Co., Ltd. (3.47%); Shinkong Insurance Co., Ltd. (3.04%); Ji Li Investment Co., Ltd. (2.37%); Toray Industries, Inc. (2.20%); Taiwan Life Insurance Co., Ltd. (2.18%); Yuan Bao Co., Ltd. (2.18%);
Hsin He Investment Co., Ltd.	Chang Yong (20%); Shu-Chuang Chang-Lin (20%); Chi-wen Chang (20%); Chu-Mei Chang (20%); Chun-Chen Guo-Chang (20%)
Sishan Investment Co., Ltd.	Lin Nan-Chou (30%); Yi-Qing Lin (10%); Ting-Jun Lin (10%); Xiu-Mei Hong (15%); Chang-Ting Hong (17.5%); Chang-Rong Hong (17.5%)
International CSRC Investment Holdings Co., Ltd.	Taiwan Cement Corporation (15.59%); Chinatrust Investment Co., Ltd. (7.92%); TCC Investment Co., Ltd. (2.23%); Fu Pin Investment Co., Ltd. (1.72%); JPMorgan Chase Bank N.A., Taipei Branch, custodian for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.64%); Taiwan Life Insurance Co., Ltd. (1.52%); Chung Cheng Development Investment Corporation (1.50%); JPMorgan Chase Bank N.A., Taipei Branch, custodian for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds (1.30%); Union Cement Traders Inc. (1.16%); Citibank Taiwan, custodian for Polunin Developing Countries Fund, LLC (1.05%)
Chung Cheng Development Investment Corporation	International CSRC Investment Holdings Co., Ltd. (100%)
Fu Pin Investment Co., Ltd.	Koo Hsuan-Hui (49.9995%); Tian-Yi Huo (25%); Koo Gung-Kai (25%); Heng Qiang Investment Co., Ltd. (0.0005%)
Heng Qiang Investment Co., Ltd.	Koo Gung-Kai (49.4%); Tian-Yi Huo (25%); Koo Hsuan-Hui (25%); Fu Pin Investment Co., Ltd. (0.6%)
Chinatrust Investment Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%); Fu Pin Investment Co., Ltd. (23.33%); Taiwan Cement Corporation (9.36%); International CSRC Investment Holdings Co., Ltd. (4.48%); TCC Investment Co., Ltd. (3.45%); Hoping Industrial Port Corporation (3.31%); Kun Qing International Development Ltd. (2.97%); Qiao Tai Investment Co., Ltd. (2.77%); Chung Ho Textile Co., Ltd. (2.31%); Ta-Ho Maritime Corporation (2.09%)

Note: All information disclosed in the above table has been provided by respective institutional shareholders. TCC provides such information as is.

Table 2: Major Shareholders of Institutional Shareholders in Table 1

Institutional Shareholders	Major Shareholders of Institutional Shareholders
Chia Hsin Cement Corporation	Chia Hsin International Co., Ltd. (16.44%); Song Zuo Investment Co., Ltd. (8.88%); Yong-Ping Chang (5.39%); Taiwan Cement Corporation (3.54%); Ta-Ho Maritime Corporation (3.32%); Kang Hao Industrial Co., Ltd. (2.45%); Chia Hsin Foundation (1.92%); Zuo Yao Investment Co., Ltd. (1.89%); Kuo-Hui Ku (1.74%); Chai Hsin R.M.C. Corporation (1.70%)
Long Chuang Investment Co., Ltd.	Chang An Ping (96.32%); Huai-Ru Koo (1.05%)
CTBC Bank Co., Ltd.	CTBC Financial Holding Co., Ltd. (100%)
Hsing Cheng Investment Co., Ltd.	Chuo Yun Koo-Yen (16.67%); Ching-Hua Hu (16.67%); Lydia Chao (16.67%); Huai-Ru Koo (16.67%); Cheng-Huei Koo (8.33%); Koo, Kung-Yi (8.33%); Koo Hsuan-Hui (8.33%); Koo Gung-Kai (8.33%)
Chia Hsin International Co., Ltd.	Chia Hsin Cement Corporation (87.18%); Chia Hsin Construction and Development Corporation (10.41%); Chang Kang-Lung, Jason (0.52%); Song Zuo Investment Co., Ltd. (0.42%); Ru-Ping Chang (0.25%); Yong-Ping Chang (0.22%); Zhong-Lian Zhong (0.19%); Zuo Yao Investment Co., Ltd. (0.16%); Chang An Ping (0.12%); Jian-Guo Wang (0.11%)
Song Zuo Investment Co., Ltd.	Yong-Ping Chang (59.47%); Chia Hsin Construction and Development Corporation (14.52%)
Taiwan Cement Corporation	Chinatrust Investment Co., Ltd. (4.22%); Chia Hsin Cement Corporation (3.80%); China Life Insurance Co., Ltd. (2.53%); Shin Kong Life Insurance Co., Ltd. (2.46%); Taiwan Life Insurance Co., Ltd. (2.24%); Chia Hsin International Co., Ltd. (1.85%); International CSRC Investment Holdings Co., Ltd. (1.80%); Heng Qiang Investment Co., Ltd. (1.78%); Fubon Life Insurance Co., Ltd. (1.67%); Qiao Tai Investment Co., Ltd. (1.58%)
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (64.79%); Taiwan Transport & Storage Co., Ltd. (29.16%)
Kang Hao Industrial Co., Ltd.	Mei Ke Shen Enterprise Co., Ltd. (50%); Chang Sian Ping (10.5%)
Chia Hsin Foundation	Chia Hsin Cement Corporation (100%)
Zuo Yao Investment Co., Ltd.	Jian-Guo Wang (22.5%); Chia Hsin International Co., Ltd. (20.17%); Chia Hsin Cement Corporation (19.33%)
Chai Hsin R.M.C. Corporation	Chang An Ping (65.30%); Chia Hsin Cement Corporation (13.71%); Long Chuang Investments Co., Ltd. (13.45%); Huai-Ru Koo (5.51%)
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holdings (100%)

Institutional Shareholders	Major Shareholders of Institutional Shareholders
Shinkong Co., Ltd.	Shin Sho Trading Co., Ltd. (42.65%); Lian Sui Enterprises Co., Ltd. (4.75%); Swiss Hotel Co., Ltd. (4.66%); Lin Deng Shan Social Welfare Foundation (3.95%); Xin Cheng Investment Co., Ltd. (3.51%); Ji Zhen Co., Ltd. (3.39%); Dong-xing Investment Co., Ltd. (3.37%); Hong Qi Co., Ltd. (3.34%); Chuan-Wen International Co., Ltd. (2.88%); Yuan Song Industrial Co., Ltd. (2.53%)
Shin Sheng Investment Co., Ltd.	Ji Li Investment Co., Ltd. (51.78%); Tong Xian Investment Co., Ltd. (28.53%); Rui Xin Industrial Co., Ltd. (19.69%)
Hwatai Bank Ltd. Property Trust Special Account	NA
Shinkong Textile Co., Ltd.	Shinkong Synthetic Fibers Corporation (9.46%); Shin Kong Wu Ho-Su Memorial Hospital (6.99%); Ji Zhen Co., Ltd. (6.55%); Hong Pu Co., Ltd. (4.68%); Lian Chuan Investment Co., Ltd. (4.54%); He Rui Industrial Co., Ltd. (4.00%); Qian Cheng Yi Co., Ltd. (3.93%); Hua Cheng Co., Ltd. (3.57%); Cheng Guang Industrial Co., Ltd. (3.54%); Mian Hao Industrial Co., Ltd.(2.71%)
Shinkong Insurance Co., Ltd.	Shinkong Textile Co., Ltd. (16.31%); Shin Kong Life Insurance Co., Ltd. (9.40%); ShinKong Co., Ltd. (5.08%); Hong Pu Co., Ltd. (2.35%); Guang Ming Enterprise Co., Ltd. (1.94%); Qian Cheng Yi Co., Ltd. (1.73%); Cosmos Hotel Co., Ltd. (1.72%); Hong En Co., Ltd. (1.43%); Shipu Investment Co., Ltd. (1.39%); Beitou Hotel Co., Ltd. (1.29%)
Ji Li Investment Co., Ltd.	Shinkong Development Co., Ltd. (24.14%); Rui Xing Industrial Co., Ltd. (23.89%); Yu Bang Investment Co., Ltd. (16.84%); Liang Yue Investment Co., Ltd. (16.84%); Northlaken Ltd. (7.53%); De Shi Industrial Co., Ltd. (5.38%); De Liang Co., Ltd. (5.38%)
Toray Industries, Inc.	NA
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd. (100%)
Yuan Bao Co., Ltd.	YI-MING Co., Ltd. (100%)
Chinatrust Investment Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%); Fu Pin Investment Co., Ltd. (23.33%); Taiwan Cement Corporation (9.36%); International CSRC Investment Holdings Co., Ltd. (4.48%); TCC Investment Co., Ltd. (3.45%); Hoping Industrial Port Corporation (3.31%); Kun Qing International Development Ltd. (2.97%); Qiao Tai Investment Co., Ltd. (2.77%); Chung Ho Textile Co., Ltd. (2.31%); Ta-Ho Maritime Corporation (2.09%)
TCC Investment Co., Ltd.	Taiwan Cement Corporation (100%)
Fu Pin Investment Co., Ltd.	Koo Hsuan-Hui (49.9995%); Tian-Yi Huo (25%); Koo Gung-Kai (25%); Heng Qiang Investment Co., Ltd. (0.0005%)

Institutional Shareholders	Major Shareholders of Institutional Shareholders
JPMorgan Chase Bank N.A., Taipei Branch, custodian for the Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	NA
Chung Cheng Development Investment Corporation	International CSRC Investment Holdings Co., Ltd. (100%)
JPMorgan Chase Bank N.A., Taipei Branch, custodian for the Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	NA
Union Cement Traders, Inc.	TCC Investment Co., Ltd. (100%)
Citibank Taiwan in custody for Polunin Developing Countries Fund, LLC	NA
International CSRC Investment Holdings Co., Ltd.	Taiwan Cement Corporation (15.59%); Chinatrust Investment Co., Ltd. (7.92%); TCC Investment Co., Ltd. (2.23%); Fu Pin Investment Co., Ltd. (1.72%); JPMorgan Chase Bank N.A., Taipei Branch, custodian for the Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.64%); Taiwan Life Insurance Co., Ltd. (1.52%); Chung Cheng Development Investment Corporation (1.50%); PMorgan Chase Bank N.A., Taipei Branch, custodian for the Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds (1.30%); Union Cement Traders Inc. (1.16%); Citibank Taiwan, custodian for the Polunin Developing Countries Fund, LLC (1.05%)
Heng Qiang Investment Co., Ltd.	Koo Gung-Kai (49.40%); Tian-Yi Huo (25%); Koo Hsuan-Hui (25%); Fu Pin Investment Co., Ltd. (0.6%)
Hoping Industrial Port Corporation	Taiwan Cement Corporation (99.99%)
Kun Qing International Development Ltd.	Yu Bang Co., Ltd. (12.27%); T.H. Wu Foundation (3.37%); Tai Qian Co., Ltd. (2.95%); Ping-Zhi Wu (2.80%); Ping-yuan Wu (2.80%); Xiu-Feng Yan (2.65%); Jin-Gan Hou (2.23%); San Shing Spinning Co., Ltd. (1.94%); Huei-Lan Wu (1.88%); Zi-Xiu Wu (1.81%)
Qiao-Tai Investment Co., Ltd.	Tian-Yi Huo (25%); Koo Hsuan-Hui (37.4995%); Koo Gung-Kai (37.5%); Fu Pin Investment Co., Ltd. (0.0005%)
Chung Ho Spinning Co., Ltd.	Xie Mei Industrial Co., Ltd. (14.7%); Chang Xin Investment Co., Ltd. (10.19%); Qi-Zhao Yeh (5.17%); Qian-Fang Yeh (3.69%); Ying-Xia Yeh (3.26%); Yan-Ling Yeh (3.25%); Hsun-Yang Yeh (3.18%); Ying-Chin Yeh (3.16%); Ying-Qiu Yeh (3.09%); Ying-Mei Yeh (2.96%)

Note: All information disclosed in the above table has been provided by respective institutional shareholders. TCC provides such information as is.

Profiles of Directors

Name	Qualification With five or more years of experience and the following professional qualifications		
	Public/private college/university instructors or higher levels in commerce, law, finance, accounting or subjects required by the business of the company	Passed the qualification examination with proper licensing by the national government as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the company	Experience of commerce, law, finance, accounting or others as required by the company
Chang An Ping			✓
Koo, Kung-Yi			✓
Li, Jong-Peir			✓
Chang Kang-Lung, Jason			✓
Eric T. Wu			✓
Chi-wen Chang	✓	✓	✓
Lin Nan-Chou			✓
Kenneth C.M. Lo	✓		✓
Yu Tzun-Yen			✓
Chen Chi-Te			✓
Wang Por-Yuan			✓
Hsieh Chi-Chia			✓
Chien, Wen			✓
Chun-Ying, Liu		✓	✓
Chih-Chung, Tsai			✓
Yu-Cheng Chiao			✓
Victor Wang	✓	✓	✓
Sheng Chin Jen	✓		✓
Lynette Ling-Tai, Chou	✓	✓	✓

¹Note: Check the qualifications appropriate to each director and supervisor who meet such qualifications two years before the assumption of office or at the time of assumption "✓".

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

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

(3) Holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party.

(4) Not a manager as specified in (2) nor a spouse, a blood relative at the second degree of kinship under the Civil Code, or a blood relative at the second degree of kinship under the Civil Code as specified in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving at, the company and its parent or subsidiary or a subsidiary of the same parent).

(6) Not a majority of the company's director seats or voting shares and those of any other company controlled by the same person: director, supervisor, or employee of that other company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving at, the company and its parent or subsidiary or a subsidiary of the same parent).

Status of independence ¹												Number of concurrent independent director posts to other public companies
1	2	3	4	5	6	7	8	9	10	11	12	
		✓	✓		✓	✓	✓	✓	✓	✓		1
		✓	✓			✓	✓	✓	✓	✓		-
		✓	✓			✓	✓	✓	✓	✓		1
✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		1
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		2
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		1
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

(7) Not a chairperson, general manager, nor person holding an equivalent position of the company and a person in any of those positions at another company or institution who is the same person or are spouses: director (or governor), supervisor, or employee of that other company or institution (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving at, the company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, officer, nor shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company (except for a specified company or institution holding 20 percent or more and no more than 50 percent of the total number of issued shares of the company, or independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving at, the company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual, nor an owner, partner, director, supervisor, nor officer of a sole proprietorship, partnership, company, nor institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting, or related services to the company or any affiliate of the company for which the provider has received cumulative compensation exceeding NT\$500,000 in the past 2 years, nor a spouse thereof, provided this restriction does not apply to a member of the Compensation committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not a spouse or a blood relative within the second degree of kinship under the Civil Code to any other director.

(11) Not under any of the categories stated in Article 30 of the Company Act.

(12) Not being elected as a representative to the government or an institution under Article 27 of the Company Act.

3.2.2 Profiles of the CEO, president, vice presidents, assistant vice presidents, departments, branches and subsidiaries heads

Title	Nationality	Name	Gender	Date of Office (Election)	Current shareholdings		Shareholdings of spouse and minor children	
					Quantity	Proportion(%)	Quantity	Proportion(%)
CEO (Note 1)	ROC	Chang An Ping	Male	2019/7/17	184,304	0.00	3,601,770	0.07
President	ROC	Li Jong-Peir	Male	2017/7/31	749,076	0.01	-	-
Senior VP	ROC	Huang Chien-Chiang	Male	2006/1/1	704,309 *20,616	0.01 *0.01	-	-

Shareholdings in the name of a third party		Education and experience	Concurrent Positions in this and other companies	Manager who is a spouse or relative within the 2 nd degree of kinship under the Civil Code			Note
Quantity	Proportion(%)			Title	Name	Relationship	
-	-	<p>M.B.A., School of Business Administration, New York University, 1976;</p> <p>Chairman, International CSRC Investment Holdings Co., Ltd.;</p> <p>Chairman, Taiwan Prosperity Chemical Corporation</p>	<p>Chairman, Ho-Ping Power Company;</p> <p>Chairman, E-One Moli Energy Corporation;</p> <p>Chairman, TCC Recycle Energy Technology;</p> <p>Chairman, TCC Investment Corporation;</p> <p>Chairman, Union Cement Traders Inc.;</p> <p>Chairman, TCC Chemical Corporation;</p> <p>Chairman, TCC International Holdings Ltd.;</p> <p>Chairman, TCC (Hangzhou) Environmental Protection Technology;</p> <p>Chairman, Chia Hsin Foundation;</p> <p>Director, O-Bank;</p> <p>Director, Taiwan Stock Exchange Corporation;</p> <p>Director, Taiwan Transport & Storage Co., Ltd.;</p> <p>Director, Chai Hsin R.M.C.;</p> <p>Director, Ta-Ho Maritime Corporation;</p> <p>Director, CTCI Corporation;</p> <p>Director, Chinatrust Investment Co., Ltd.;</p> <p>Director, TCC Information Systems Corporation;</p> <p>Director, Cheng Hsin General Hospital;</p> <p>Director, Hoping Industrial Port Corporation;</p> <p>Director, Hong Kong Cement Manufacturing Co., Ltd.;</p> <p>Director, TCC International Ltd. (TCCI);</p> <p>Director, TCC Hong Kong Cement (BVI) Holdings Ltd.;</p> <p>Director, TCC Hong Kong Cement International Ltd.;</p> <p>Director, Upper Value Investments Ltd.;</p> <p>Independent Director, Synnex Technology International Corporation;</p>	NA	NA	NA	NOTE 4
-	-	<p>MS in Information Technology Management, John Hopkins University;</p> <p>President of HSBC (Taiwan) Commercial Bank and President, Taiwan, HSBC</p>	<p>Director and President, Ho-Ping Power Company;</p> <p>Chairman, TCC Information Systems Corporation;</p> <p>Chairman, Ta-Ho Maritime Corporation;</p> <p>Director and President, TCC Investment Corporation;</p> <p>Director, Taiwan Prosperity Chemical Corporation;</p> <p>Director, TCC Chemical Corporation;</p> <p>Director, Taiwan Transport & Storage Co., Ltd.;</p> <p>Director and President, Union Cement Traders Inc.;</p> <p>Director, E-One Moli Energy Corporation;</p> <p>Director, TCC Recycle Energy Technology;</p> <p>Director, Ta-Ho Maritime (Hong Kong) Limited;</p> <p>Director, Taiwan Cement (Dutch) Holdings B.V.;</p> <p>Director and President, TCC (Hangzhou) Environmental Protection Technology;</p> <p>Director (corporate representative) and Chairman, TCC New (Hangzhou) Management Company Limited;</p> <p>Director, CIMPOR GLOBAL HOLDINGS B.V.;</p> <p>Director, TCCMOLI HOLDINGS (SINGAPORE) PTE. Ltd.;</p> <p>Director, THC International S.A.;</p> <p>Independent Director, TransGlobe Life Insurance Inc.</p>	NA	NA	NA	
-	-	<p>Department of Transportation and Communication Management Science, National Cheng Kung University</p>	<p>Chairman, Hoping Industrial Port Corporation;</p> <p>Chairman, Feng Sheng Industrial Co., Ltd.;</p> <p>Chairman, E.G.C. Cement Corporation;</p> <p>Director, Taiwan Cement Engineering Corporation;</p> <p>Director, TCC Information Systems Corporation;</p> <p>Director, Taiwan Transport & Storage Co., Ltd.;</p> <p>Director, Ho-Ping Power Company;</p> <p>Director, TCC International Holdings Limited;</p> <p>Director, TCC International Limited;</p>	NA	NA	NA	

Title	Nationality	Name	Gender	Date of Office (Election)	Current shareholdings		Shareholdings of spouse and minor children	
					Quantity	Proportion(%)	Quantity	Proportion(%)
SVP	ROC	Ker-Fu Lu	Male	2008/6/30	102,944	0.00	-	-
VP	ROC	Bao-Luo Ge	Male	2017/8/11	278,518	0.01	-	-
VP concurrently serving as Head of Legal and Corporate Governance	ROC	Li-Wen Tsai	Male	2015/1/5	310,331	0.01	-	-
Senior AVP	ROC	Chien-Chuan Wang	Male	2015/2/9	175,228	0.00	1,637	0.00
Senior AVP	ROC	Feng-Ping Liu	Female	2015/2/9	134,084	0.00	219	0.00
Senior AVP	ROC	Lin-Tian Huang	Male	2015/2/9	4,097	0.00	-	-
Senior AVP	ROC	Yu-Jun Yeh	Female	2018/1/29	127,010	0.00	-	-
AVP	Hong Kong	Koo Kung-Yi	Male	2017/6/8	535,054	0.01	-	-
AVP	ROC	Wei-Jue Hong	Male	2010/11/12	195,597	0.00	-	-

Shareholdings in the name of a third party		Education and experience	Concurrent Positions in this and other companies	Manager who is a spouse or relative within the 2 nd degree of kinship under the Civil Code			Note
Quantity	Proportion(%)			Title	Name	Relationship	
-	-	Department of Mechanical Engineering, Tamkang University, Taiwan	Chairman, Jin Chang Minerals Co., Ltd.; Chairman, Tung Chen Mineral Corporation Ltd.; Chairman and President, Taiwan Cement Engineering Corporation; Chairman, Beijing TCC Environmental Protection Technology Co., Ltd.; Director, Ho-Ping Power Company; Supervisor, Ho-Ping Renewable Energy Company; Chairman, TCC Green Energy Corporation; Director, Ta-Ho Maritime Corporation; Director, TCC Information Systems Corporation; Director, Onyx Ta-Ho Environmental Services Co., Ltd.; Director, TCC (Hangzhou) Environmental Protection Technology; Director, Dr. Cecilia Koo Botanic Conservation and Environmental Protection Development Foundation; President, TCC Chemical Corporation	NA	NA	NA	
-	-	Master's Degree, Edmund A. Walsh School of Foreign Studies, Georgetown University, USA	NA	NA	NA	NA	
-	-	LLB, Department of Law; LLM, Law School, National Taiwan University	Director, Dr. Cecilia Koo Botanic Conservation and Environmental Protection Development Foundation; Supervisor, Union Cement Traders Inc.; Supervisor, TCC Chemical Corporation; Supervisor, Linyuan Advanced Materials Technology Co., Ltd.; Supervisor, Full Circular Economy Co., Ltd.; Supervisor, Chung Cheng Development Investment Corporation; Supervisor, Xieyuan Chemical Co., Ltd.; Director, Yuncheng Investment Co., Ltd.	NA	NA	NA	
-	-	Department of Mechanical Engineering, Feng Chia University, Taiwan	Chairman, Ho Sheng Mining Co., Ltd. Director, Taiwan Cement Engineering Corporation; Director, Taiwan Transport & Storage Co., Ltd.; Director, Tung Chen Mineral Corporation Ltd.; Director, Kuan-HO Refractories Industry Corporation; Director, Beijing TCC Environmental Protection Technology Co., Ltd.	NA	NA	NA	
-	-	Master, Department of Human Resources, National Normal University	Director, Taiwan Prosperity Chemical Corporation	NA	NA	NA	
-	-	Department of Business Administration, Tamkang University, Taiwan	Director, Union Cement Traders Inc.; Supervisor, Ta-Ho Maritime Corporation	NA	NA	NA	
-	-	EMBA, National Cheng Chi University, Taiwan	NA	NA	NA	NA	
-	-	MBA, The Wharton School of University of Pennsylvania; Vice President, Morgan Stanley Investment Banking Department; Vice Chairman, Taiwan Cement Corporation	Director, Taiwan Cement Corporation; Chairman, Taiwan Prosperity Chemical Corporation; Chairman, International CSRC Investment Holdings Co., Ltd.; Director, TCC International Holdings Limited; Director, TCC International Limited; Director, Ho-Ping Power Company; Director, E-One Moli Energy Corporation; Director, China Steel Chemical Corporation	NA	NA	NA	
-	-	Department of Business Administration, National Taipei University	Director, CHC Resources Corporation; Director, Feng Sheng Industrial Co., Ltd.; Director, E.G.C. Cement Corporation; Director, TCC Green Energy Corporation;	NA	NA	NA	

Title	Nationality	Name	Gender	Date of Office (Election)	Current shareholdings		Shareholdings of spouse and minor children	
					Quantity	Proportion(%)	Quantity	Proportion(%)
AVP	ROC	Jin-Lung Yu	Male	2016/4/25	219,486	0.00	-	-
AVP	ROC	Cen-Wei Lan	Male	2017/3/6	138,078	0.00	-	-
AVP	ROC	Yuo-Xin Song	Male	2017/3/6	119,958	0.00	-	-
AVP	ROC	Kuang-Si Chen	Male	2019/4/23	74,907	0.00	-	-
AVP	ROC	Jia-Ro Lai	Female	2019/4/23	62,907	0.00	214	0.00
AVP and Accounting chief officer	ROC	Guo-Hong Yeh	Male	2015/12/16	107,010	0.00	-	-
Senior Manager and Chief auditor	ROC	Xiao-En Tseng	Male	2004/12/21	174,536	0.00	-	-
Senior Manager	ROC	Chia-Pei Wei	Male	2016/3/1	168,649 *4,925	0.00 *0.00	-	-
Senior Manager	ROC	Ming-De Li	Male	2017/8/11	30,010	0.00	-	-
Senior Manager	ROC	Cheng-Dao Qiang	Male	2017/8/11	79,851	0.00	-	-
Senior Manager	ROC	Yun-De Wu	Male	2018/7/9	104,023	0.00	-	-
Manager	ROC	Zhi-Ren Liu	Male	2017/8/11	86,874	0.00	-	-
Manager	ROC	Jin-Yi Chen	Male	2015/4/13	85,609	0.00	-	-
Manager	ROC	Zhi-Chun Lai	Male	2017/8/11	107,010 *3,132	0.00 *0.00	-	-

Shareholdings in the name of a third party		Education and experience	Concurrent Positions in this and other companies	Manager who is a spouse or relative within the 2 nd degree of kinship under the Civil Code			Note
Quantity	Proportion(%)			Title	Name	Relationship	
-	-	Department of Business Administration, National Ching Chi University, Taiwan	Director, TCC Green Energy Corporation	NA	NA	NA	
-	-	Department of Business Administration, Soochow University, Taiwan	NA	NA	NA	NA	
-	-	Department of Statistics, Feng Chia University, Taiwan	NA	NA	NA	NA	
-	-	Department of Chemical Engineering, National Central University	Director, Kuan-HO Refractories Industry Corporation	NA	NA	NA	
-	-	LLM, College of Law, Fu-Jen University	Supervisor, Ho Sheng Mining Co., Ltd.	NA	NA	NA	
-	-	MA, Department of Accounting, National Taipei University, Taiwan	Director, International CSRC Investment Holdings Co., Ltd.; Supervisor, Taiwan Cement Engineering Corporation; Supervisor, TCC Information System Corporation; Supervisor, TCC Investment Corporation; Supervisor, TCC Recycle Energy Technology; Supervisor, E-One Moli Energy Corporation; Supervisor, Beijing TCC Environmental Protection Technology Co., Ltd.; Supervisor, Kuan-HO Refractories Industry Corporation	NA	NA	NA	
-	-	BA in Accounting, Soochow University, Taiwan	Supervisor, Taiwan Transport & Storage Co., Ltd.; Supervisor, Ho-Ping Power Company; Supervisor, Hoping Industrial Port Corporation; Supervisor, Rong Gong Industrial Corporation; Supervisor, TCC Green Energy Corporation	NA	NA	NA	
-	-	Department of Geology, Chinese Culture University, Taiwan	Director and President, Ho Sheng Mining Co., Ltd.; Director, Jin Chang Minerals Co., Ltd.; Director, Tung Chen Mineral Corporation Ltd. ; Director, HPC Power Services Corporation; Director, Hoping Industrial Port Corporation; Director, Kuan-HO Refractories Industry Corporation	NA	NA	NA	
-	-	Department of Mechanical Engineering, Feng Chia University, Taiwan	NA	NA	NA	NA	
-	-	Department of Chemical Engineering, National Taipei Institute of Technology (now National Taipei University of Technology), Taiwan	NA	NA	NA	NA	
-	-	Department of Geology, Chinese Culture University, Taiwan	Director, CHC Resources Corporation; Director, Feng Sheng Industrial Co., Ltd.	NA	NA	NA	
-	-	Department of Chemical Engineering, Yuan Ze Institute of Technology (now Yuan Ze University), Taiwan	Director and President, Kuan-Ho Refractories Industry Corporation	NA	NA	NA	
-	-	Department of Chemical Engineering, National Taiwan Institute of Technology (now National Taiwan University of Science and Technology), Taiwan	NA	NA	NA	NA	
-	-	Department of Economics, Tamkang University, Taiwan	NA	NA	NA	NA	

Title	Nationality	Name	Gender	Date of Office (Election)	Current shareholdings		Shareholdings of spouse and minor children	
					Quantity	Proportion(%)	Quantity	Proportion(%)
Senior Assistant Manager	ROC	Chong-Zhi Hong	Male	2015/3/30	85,609	0.00	-	-
Senior Assistant Manager (Note 2)	ROC	Li-Chi Hsiao	Male	2020/1/31	3,000	0.00	-	-
Senior Assistant Manager	ROC	Zhi-Feng Wu	Male	2017/8/11	75,309	0.00	3,531	0.00
Senior Assistant Manager	ROC	Jao-Gui Lin	Male	2018/3/14	53,505 *1,566	0.00 *0.00	-	-
Senior AVP (Note 3)	ROC	Tse-Shen Tsai	Male	2018/9/3	-	-	-	-
Senior Manager (Note 3)	ROC	Yen-Hsi Chi	Female	2018/7/9	-	-	-	-
Senior Manager (Note 3)	ROC	Yu-Wen Qiu	Male	2017/8/11	2,010	0.00	-	-
Senior Assistant Manager (Note 3)	ROC	Bo-Jun Lin	Male	2017/8/11	1,897	0.00	-	-
Senior Assistant Manager (Note 3)	ROC	Zhi-Heng Peng	Male	2017/8/11	53,505	0.00	-	-

Note 1: Chairman Chang An Ping was appointed as concurrent CEO on July 17, 2019.

Note 2: Li-Chi Hsiao was included as the insider on January 31, 2020.

Note 3: Mr. Tse-Shen Tsai was discharged from insider on November 8, 2019; Ms. Yen-Hsi Chi was discharged from insider on January 31, 2019; Mr. Yu-Wen Qiu and Mr. Bo-Jun Lin were discharged from insider on February 17, 2020; Mr. Zhi-Heng Peng was discharged from insider on January 31, 2020.

Note 4: Where the general manager or person of an equivalent post (the highest level manager) of a company and chairperson of the board of directors are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures (such as increasing the number of independent directors, of which over 50% of the directors shall not concurrently act as an employee or managerial personnel) adopted in response thereto: The Company's CEO is responsible for all affairs of the Company and its affiliates and the resolution of the board of directors, and supervises the managers of the Company and its affiliates.

Note 5: * refers to preferred shares.

Shareholdings in the name of a third party		Education and experience	Concurrent Positions in this and other companies	Manager who is a spouse or relative within the 2 nd degree of kinship under the Civil Code			Note
Quantity	Proportion(%)			Title	Name	Relationship	
-	-	Department of Environmental Biology and Fisheries Science, National Taiwan Ocean University, Taiwan	Supervisor, Chia Huan Tung Cement Corporation	NA	NA	NA	
-	-	Department of Mechanical Engineering, Da Yeh University, Taiwan	NA	NA	NA	NA	
-	-	Department of Marine Engineering, Taipei College of Maritime Technology (now Taipei University of Marine Technology), Taiwan	NA	NA	NA	NA	
-	-	Department of Japanese, Wenzao College of Foreign Languages (now Wenzao Ursuline University of Languages)	NA	NA	NA	NA	
-	-	MA, Department of Banking and Finance, National Taiwan University	NA	NA	NA	NA	
-	-	MA, Department of Banking and Finance, National Taiwan University	NA	NA	NA	NA	
-	-	Department of Chemical Engineering, Ta Hwa Industrial Junior College (now Ta Hwa University of Science and Technology), Taiwan	NA	NA	NA	NA	
-	-	Department of Business Administration, Da Yeh University, Taiwan	NA	NA	NA	NA	
-	-	Department of Mechanical Engineering, National Taipei University of Technology, Taiwan	NA	NA	NA	NA	

3.2.3 Compensation for directors, supervisors, presidents, and vice presidents

(1) Compensation for directors

Title	Name	Director Compensation							
		Compensation (A)		Severance Pay/ Retirement Allowance (B)		Compensation from distribution of earnings (C) (Note 1)		Business execution expenses (D)	
		TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements
Chairman	Chai Hsin R.M.C. Corporation Representative: Chang An Ping								
Vice Chairman	Tai Ho Farming Co., Ltd. Representative: Koo Kung-Yi (Note 4)								
Director	C. F. Koo Foundation Representative: Li Jong-Peir								
Director	Fu Pin Investment Co., Ltd. Representative: Wang Por-Yuan								
Director	Fu Pin Investment Co., Ltd. Representative: Hsieh Chi-Chia								
Director	International CSRC Investment Holdings Co., Ltd. Representative: Kenneth C.M. Lo								
Director	Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason								
Director	Chia Hsin Cement Corporation Representative: Chen Chi-Te								
Director	Hsin He Investment Co., Ltd. Representative: Chi-wen Chang	30,000	43,925	-	-	245,432	245,432	624	1,147
Director	Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu								
Director	Chung Cheng Development Investment Corporation Representative: Yu Tzun-Yen								
Director	Heng Qiang Investment Co., Ltd. Representative: Chien, Wen								
Director	Heng Qiang Investment Co., Ltd. Representative: Chih-Chung, Tsai								
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu								
Director	Sishan Investment Co., Ltd. Representative: Lin Nan-Chou								
Independent Director	Victor Wang								
Independent Director	Yu-Cheng Chiao								
Independent Director	Lynette Ling-Tai, Chou								
Independent Director	Sheng Chin Jen								

1. Please describe the remuneration policies, mechanisms, standards, and structures for the independent directors, and their linkage to the amount of remuneration based on factors such as duties, risks, and invested time of the independent directors:

The reasonable remuneration policies for independent directors are submitted to the Board of Directors with reference to the performance evaluation of directors, and the Compensation Committee reviews the level of participation and contribution with a linkage to the reasonableness, fairness, and return of the performance risks in

Note 1: Refer to the compensation (including salary, duty allowances, severance pay, bonuses, awards, etc.) of directors in AY 2019.

Note 2: The amount of severance pay/retirement allowance recognized as expenses in AY 2019 was NT\$108,000, and no retirement allowance has been disbursed in reality.

Note 3: Refer to the amount of reward for employees for AY 2019 approved by BOD. Figures in the table are estimates.

Note 4: Koo Kung-Yi resigned from the position of Vice Chairman on January 9, 2020 and was appointed as the Company's director.

(expressed in NT\$ thousands)

Percentage of the sum of A to D in the net profit after tax		Pay for director who is concurrently an employee								Percentage of the sum of A to G in the net profit after tax		Related compensation from investees other than the subsidiaries or the parent company
TCC	All firms disclosed in the financial statements	Salaries, bonuses, and special expenses, etc. (E)		Severance Pay/Retirement Allowance (F) (Note 2)		Employee profit sharing from earnings distribution (G) (Note 3)				TCC	All firms disclosed in the financial statements	
		TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC		All firms disclosed in the financial statements				
						Cash Amount	Stock Amount	Cash Amount	Stock Amount			
1.14%	1.20%	53,105	53,802	108	108	11,505	-	11,505	-	1.41%	1.47%	11,028

accordance with Article 20 of the Company's Charter.

It also refers to the Company's operating performance and remuneration standards in the industry.

2. Pay for services (such as non-employee consultant) specified in the financial statements provided by directors in the previous year not specified above: NA.

Range of Compensation for TCC Directors	Name of Director			
	Total amount of A to D		Total amount of A to G	
	TCC	All firms disclosed in the financial statements	TCC	Parent company and all investees
Below NT\$1,000,000	Li Jong-Peir, Chih-Chung, Tsai, Chi-wen Chang	Chih-Chung, Tsai, Chi-wen Chang	Chih-Chung, Tsai, Chi-wen Chang	Chih-Chung, Tsai, Chi-wen Chang
NT\$1,000,000 (included) - NT\$2,000,000 (excluded)	Koo Kung-Yi, Chang Kang-Lung, Jason, Chien Wen, Lin Nan-Chou, Yu Tzun-Yen, Hsieh Chi-Chia, Chun-Ying, Liu, Chen Chi-Te, Wang Por-Yuan, Kenneth C.M. Lo, Eric T. Wu, Victor Wang, Lynette Ling-Tai, Chou, Sheng Chin Jen, Yu-Cheng Chiao	Chang Kang-Lung, Jason, Lin Nan-Chou, Yu Tzun-Yen, Hsieh Chi-Chia, Chun-Ying, Liu, Chen Chi-Te, Wang Por-Yuan, Kenneth C.M. Lo, Eric T. Wu, Victor Wang, Lynette Ling-Tai, Chou, Yu-Cheng Chiao	Chang Kang-Lung, Jason, Chien Wen, Lin Nan-Chou, Yu Tzun-Yen, Hsieh Chi-Chia, Chun-Ying, Liu, Chen Chi-Te, Wang Por-Yuan, Kenneth C.M. Lo, Eric T. Wu, Victor Wang, Lynette Ling-Tai, Chou, Sheng Chin Jen, Yu-Cheng Chiao	Chang Kang-Lung, Jason, Lin Nan-Chou, Yu Tzun-Yen, Hsieh Chi-Chia, Chun-Ying, Liu, Chen Chi-Te, Wang Por-Yuan, Kenneth C.M. Lo, Eric T. Wu, Victor Wang, Lynette Ling-Tai, Chou, Yu-Cheng Chiao
NT\$2,000,000 (included) - NT\$3,500,000 (excluded)		Sheng Chin Jen, Chien Wen	Koo Kung-Yi	Sheng Chin Jen, Chien Wen
NT\$3,500,000 (included) - NT\$5,000,000 (excluded)		Li Jong-Peir		
NT\$5,000,000 (included) - NT\$10,000,000 (excluded)		Koo Kung-Yi		
NT\$10,000,000 (included) - NT\$15,000,000 (excluded)	C. F. Koo Foundation, Hsin He Investment Co., Ltd., Tai Ho Farming Co., Ltd., Chai Hsin R.M.C. Corporation, Shinkong Synthetic Fibers Corporation, International CSRC Investment Holdings Co., Ltd., Chung Cheng Development Investment Corporation, Chinatrust Investment Co., Ltd., Sishan Investment Co., Ltd.	C. F. Koo Foundation, Hsin He Investment Co., Ltd., Tai Ho Farming Co., Ltd., Chai Hsin R.M.C. Corporation, Shinkong Synthetic Fibers Corporation, International CSRC Investment Holdings Co., Ltd., Chung Cheng Development Investment Corporation, Chinatrust Investment Co., Ltd., Sishan Investment Co., Ltd.	C. F. Koo Foundation, Hsin He Investment Co., Ltd., Tai Ho Farming Co., Ltd., Chai Hsin R.M.C. Corporation, Shinkong Synthetic Fibers Corporation, International CSRC Investment Holdings Co., Ltd., Chung Cheng Development Investment Corporation, Chinatrust Investment Co., Ltd., Sishan Investment Co., Ltd.	Koo Kung-Yi, C. F. Koo Foundation, Hsin He Investment Co., Ltd., Tai Ho Farming Co., Ltd., Chai Hsin R.M.C. Corporation, Shinkong Synthetic Fibers Corporation, International CSRC Investment Holdings Co., Ltd., Chung Cheng Development Investment Corporation, Chinatrust Investment Co., Ltd., Sishan Investment Co., Ltd.
NT\$15,000,000 (included) - NT\$30,000,000 (excluded)	Heng Qiang Investment Co., Ltd., Fu Pin Investment Co., Ltd., Chia Hsin Cement Corporation	Heng Qiang Investment Co., Ltd., Fu Pin Investment Co., Ltd., Chia Hsin Cement Corporation	Heng Qiang Investment Co., Ltd., Fu Pin Investment Co., Ltd., Chia Hsin Cement Corporation	Heng Qiang Investment Co., Ltd., Fu Pin Investment Co., Ltd., Chia Hsin Cement Corporation
NT\$30,000,000 (included) - NT\$50,000,000 (excluded)				
NT\$50,000,000 (included) - NT\$100,000,000 (excluded)	Chang An Ping	Chang An Ping	Chang An Ping, Li Jong-Peir	Chang An Ping, Li Jong-Peir
NT\$100,000,000 and above				
Total	31	31	31	31

(2) Compensation for CEO, presidents and vice presidents

(expressed in NT\$ thousands)

Title	Name	Salary (A)		Severance Pay/ Retirement Allowance (B)		Bonuses & Special expenses (C)		Amount of employee profit sharing from earnings distribution (D) (Note 1)				Percentage of the sum of A to D in profit after tax		Related compensation from investees other than the subsidiaries or the parent company
		TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC		All firms disclosed in the financial statements		TCC	All firms disclosed in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO (Note 2)	Chang An Ping													
President	Li Jong-Peir													
Senior VP	Huang Chien-Chiang													
Senior VP	Ker-Fu Lu	110,712	118,341	2,007	2,007	48,676	48,756	18,817	-	18,817	-	0.74%	0.78%	150
Vice President	Bao-Luo Ge													
VP concurrently serving as Head of Legal and Corporate Governance	Li-Wen Tsai													

Note 1: Refer to the salary, duty allowances, and severance pay of CEO, presidents and vice presidents in AY 2019 approved by BOD. Figures in the table are estimates.

Note 2: Chairman Chang An Ping was appointed as concurrent CEO on July 17, 2019.

Range of Compensation for TCC Presidents and Vice Presidents	Name of Presidents and Vice Presidents	
	TCC	Parent company and all investees
Below NT\$1,000,000		
NT\$1,000,000 (included) - NT\$2,000,000 (excluded)		
NT\$2,000,000 (included) - NT\$3,500,000 (excluded)		
NT\$3,500,000 (included) - NT\$5,000,000 (excluded)		
NT\$5,000,000 (included) - NT\$10,000,000 (excluded)	Bao-Luo Ge	Bao-Luo Ge
NT\$10,000,000 (included) - NT\$15,000,000 (excluded)	Li-Wen Tsai	Li-Wen Tsai
NT\$15,000,000 (included) - NT\$30,000,000 (excluded)	Huang Chien-Chiang, Ker-Fu Lu	Huang Chien-Chiang, Ker-Fu Lu
NT\$30,000,000 (included) - NT\$50,000,000 (excluded)		
NT\$50,000,000 (included) - NT\$100,000,000 (excluded)	Chang An Ping, Li Jong-Peir	Chang An Ping, Li Jong-Peir
NT\$100,000,000 and above		
Total	6	6

Compensation for Managers

December 31, 2019 (expressed in NT\$ thousands)

	Title	Name	Stock Amount (Note 1)	Cash Amount (Note 1)	Total	Percentage in net earnings after tax
Manager	CEO (Note 2)	Chang An Ping				
	President	Li Jong-Peir				
	Senior VP	Huang Chien-Chiang				
	Senior VP	Ker-Fu Lu				
	VP	Bao-Luo Ge				
	VP concurrently serving as Head of Legal and Corporate Governance	Li-Wen Tsai				
	Senior AVP	Chien-Chuan Wang				
	Senior AVP	Feng-Ping Liu				
	Senior AVP	Lin-Tian Huang				
	Senior AVP	Yu-Jun Yeh				
	AVP	Koo, Kung-Yi				
	AVP	Wei-Jue Hong				
	AVP	Jin-Lung Yu				
	AVP	Cen-Wei Lan				
	AVP	Yuo-Xin Song				
	AVP	Kuang Si Chen				
	AVP	Jia-Ro Lai				
	AVP and Accounting chief officer	Guo-Hong Yeh	-	26,178	26,178	0.11%
	Senior Manager and Chief auditor	Xiao-En Tseng				
	Senior Manager	Chia-Pei Wei				
	Senior Manager	Ming-De Li				
	Senior Manager	Cheng-Dao Qiang				
	Senior Manager	Yun-De Wu				
	Manager	Zhi-Ren Liu				
	Manager	Jin-Yi Chen				
	Manager	Zhi-Chun Lai				
	Senior Assistant Manager	Chong-Zhi Hong				
	Senior Assistant Manager(Note 3)	Li-Chi Hsiao				
	Senior Assistant Manager	Zhi-Feng Wu				
	Senior Assistant Manager	Jao-Gui Lin				
	Senior AVP (Note 4)	Tse-Shen Tsai				
	Senior Manager (Note 4)	Yen-Hsi Chi				
	Senior Manager (Note 4)	Yu-Wen Qiu				
Senior Assistant Manager (Note 3)	Bo-Jun Lin					
Senior Assistant Manager (Note 3)	Zhi-Heng Peng					

Note 1: Refer to the compensation for managers in AY 2019 approved by BOD. Figures in the table are estimates.

Note 2: Chairman Chang An Ping was appointed as concurrent CEO on July 17, 2019.

Note 3: Li-Chi Hsiao was included as the insider on January 31, 2020.

Note 4: Mr. Tse-Shen Tsai was discharged from insider on November 8, 2019; Ms. Yen-Hsi Chi was discharged from insider on January 31, 2019; Mr. Yu-Wen Qiu and Mr. Bo-Jun Lin were discharged from insider on February 17, 2020; Mr. Zhi-Heng Peng was discharged from insider on January 31, 2020.

3.2.4 If the circumstance in sub-item "a" or in sub-item "e" of Item 2 Paragraph 3 Article 10 of the Regulations applies to a company listed on the TWSE or the TPEX, it shall disclose the individual remuneration paid to each of its top five management personnel: N/A.

3.2.5 A comparative description with analysis on the ratio taken by the gross total of compensation paid by this company and all firms disclosed in the consolidated financial statements to the directors, presidents and vice presidents of this company to the net earnings after tax over the past two years, including a description of the policies, criteria and composition of compensation; the procedures to determine compensation, their interrelationship with business performance and future risks.

Title	Percentage of Total Amount of Compensation in Net Earnings After Tax			
	AY 2019		AY 2018	
	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements
Directors	1.14%	1.41%	1.13%	1.48%
CEO, Presidents and vice presidents	0.74%	0.78%	0.56%	0.58%

BOD is authorized to determinate the compensation of individual directors through discussions in respect of their involvement in organizational operations and organizational contributions and with reference to the common pay standards in the business at home and abroad. The Compensation Committee reviews, discusses, and approves the salary and compensation for vice presidents and positions above, with respect to the operational results of the Company. For President's salary and compensation, the Compensation Committee reviews and discusses, and then reports to the BOD for approval. The compensation policy of this company will be established and implemented as per Article 25 TCC's Charter with respect to the financial status and operational results of the year and in consideration off future fund utilization planning, in order to minimize future risks.

3.3 Status of corporate governance

3.3.1 Operation of the board of director (BOD)

In the most recent fiscal year up to April 30, 2020, the Board of Directors has held 9 (A) meetings, the attendance of directors is shown below:

Title	Name	Actual attendances (B)	Attendances by proxy	Actual attendance rate (%) [B/A]	Note
Chairman	Chai Hsin R.M.C. Corporation Representative: Chang An Ping	9	0	100	
Director	C. F. Koo Foundation Representative: Li Jong-Peir	9	0	100	
Director	Tai Ho Farming Co., Ltd. Representative: Koo Kung-Yi	9	0	100	
Director	Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason	8	1	89	
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	4	5	44	
Director	Hsin He Investment Co., Ltd. Representative: Chi-wen Chang	6	3	67	
Director	Sishan Investment Co., Ltd. Representative: Lin Nan-Chou	7	2	78	
Director	International CSRC Investment Holdings Co., Ltd. Representative: Kenneth C.M. Lo	5	4	56	

Title	Name	Actual attendances (B)	Attendances by proxy	Actual attendance rate (%) [B/A]	Note
Director	Chung Cheng Development Investment Corporation Representative: Yu Tzun-Yen	7	2	78	
Director	Chia Hsin Cement Corporation Representative: Chen Chi-Te	6	3	67	
Director	Fu Pin Investment Co., Ltd. Representative: Wang Por-Yuan	7	2	78	
Director	Fu Pin Investment Co., Ltd. Representative: Hsieh Chi-Chia	7	2	78	
Director	Heng Qiang Investment Co., Ltd. Representative: Chien, Wen	9	0	100	
Director	Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu	7	2	78	
Director	Heng Qiang Investment Co., Ltd. Representative: Chih-Chung, Tsai	8	1	89	
Independent Director	Yu-Cheng Chiao	7	2	78	
Independent Director	Victor Wang	9	0	100	
Independent Director	Sheng Chin Jen	8	1	89	
Independent Director	Lynette Ling-Tai, Chou	9	0	100	

Other information required for disclosure:

1. While carrying out its operations, the Board of Directors must report the meeting date, period, content, qualified opinion, and resolutions made by any independent director.

(1) Matters specified in Article 14.3 of the Taiwan Securities and Exchange Act: N/A.

(2) Unless otherwise stated, other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing as: N/A.

2. When there is avoidance of conflicts of interest by a director, the name of that director, the involved proposal(s), the cause(s) of the avoidance of conflicts of interest, and the participation in voting of that director shall be specified:

(1) 8th meeting of the 23rd Round of Board of Directors

Discussion of proposal 1: The reward distribution for employees and directors for 2018.

Discussion process: All directors recused themselves from the discussion, except for independent directors.

Resolution: Except for the independent directors, all other directors recused themselves from the discussion, and the meeting was chaired by Arthur Yu-cheng Chiao.

The proposal was resolved in the 6th meeting of the 4th Round of the Compensation Committee, and the chairperson consulted all the independent directors who unanimously agreed with the proposal.

Discussion of proposal 2: Proportion of distribution of reward for directors (chairman and vice chairman included) in 2018.

Discussion process: All directors recused themselves from the discussion, except for independent directors.

Resolution: Except for the independent directors, all other directors recused themselves from the discussion, and the meeting was chaired by Arthur Yu-cheng Chiao.

The proposal was resolved in the 6th meeting of the 4th Round of the Compensation Committee, and the chairperson consulted all the independent directors who unanimously agreed with the proposal.

(2) 10th meeting of the 23rd Round of the Board of Directors

Discussion of proposal 4: Appointment of the CEO.

Discussion process: Chairman Chang An Ping and the managers recused themselves from the discussion, with Vice Chairman Koo Kung-Yi as the Acting Chairperson.

Resolution: The proposal was approved in the 4th Round Compensation Committee at the 8th meeting. It was unanimously approved by all directors attending the meeting without objections. In addition, the Compensation Committee plans to propose the remuneration of the CEO to the Board of Directors in Q4 based on the Company's annual performance.

(3) 14th meeting of the 23rd Round of the Board of Directors

Discussion of proposal 2: Approval of the remuneration for the CEO.

Discussion process: Chairman Chang An Ping and the managers recused themselves from the discussion, with Director Wang Por-Yuan as the Acting Chairperson.

Resolution: The proposal was approved in the 10th Round Compensation Committee at the 4th meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.

(4) 16th meeting of the 23rd Round of the Board of Directors

Discussion of proposal 1: The reward distribution for employees and directors for 2019.

Discussion process: All directors recused themselves from the discussion, except for independent directors.

Resolution: Except for the independent directors, all other directors recused themselves from the discussion, and the meeting was chaired by Arthur Yu-cheng Chiao.

The proposal was resolved in the 11th meeting of the 4th Round of the Compensation Committee, and the chairperson consulted all the independent directors who unanimously agreed with the proposal.

Discussion of proposal 2: Proportion of distribution of reward for the Chairman and directors in 2019.

Discussion process: All directors recused themselves from the discussion, except for independent directors.

Resolution: All directors recused themselves from the discussion, except for the independent directors. The meeting was chaired by the Independent Director, Mr. Arthur Yu-cheng Chiao. The proposal was resolved in the 11th meeting of the 4th Round of the Compensation Committee, and the chairperson consulted all the independent

directors who unanimously agreed with the proposal

Discussion of proposal 25: The distribution of incentives and remuneration for the Company's managers in 2019.

Discussion process: Director Koo Kung-Yi and attending managers recused themselves from the discussion.

Resolution: The proposal was approved in the 4th Round of the Compensation Committee at the 11th meeting. It was unanimously approved by all directors attending the meeting without objections.

3. The TWSE/TPEX listed company shall disclose information such as the assessment cycle, assessment period, scope and method of assessment, and items of self-assessment (or peer assessment) by individual board members:

Assessment cycle	Assessment period	Scope of assessment	Method of assessment	Assessment items
Conducted once each year	January 1, 2019 ~ December 31, 2019	Board of Directors	Self-evaluation of the Board of Directors	1. Degree of participation in the Company's operations 2. Enhancement of quality for the decision-making of the BOD 3. Composition and structure of the BOD 4. Election and continuing education of directors 5. Internal controls

Additional matters:

(1) The self-assessment results of the Board of Directors are disclosed on the corporate website.

(2) The Company convened the Board of Directors meeting in 2019, with an attendance rate of 85% (the director attendance rate shall be at least 80% in accordance with Regulations Governing the Self-Assessment of Directors).

4. Strengthening the functions of the board in the current and recent fiscal years (e.g. establishing the Audit Committee, promoting information transparency, etc) and conducting performance assessment:

(1) The Audit Committee was set up in 2015.

(2) The BOD emphasizes composition diversity, with members equipped with role-related knowledge, skills, and industrial backgrounds. After listening to the reports presented by the management team, directors will give them instructions, advice, and maintain good communication with the management team, in order to maximize benefits for shareholders.

(3) Nine meetings of the 23rd Round of the BOD were held between 2019 to March 31, 2020, complying with the requirement of at least one meeting for every quarter. The key proposals are all disclosed on MOPS and the Company's official website to ensure disclosure and transparency.

(4) The BOD is committed to establishing a sound BOD governance system, boosting supervision capacity, and improving the management function, in order to fulfill the requirements specified in the Rules of Procedure for Board Meetings.

(5) Other governance issues related to the Board

① Corporate governance: (a) Corporate governance evaluation report (b) CSR report (c) Information security report.

② Legal compliance: The Company's Head of Corporate Governance and the BOD secretary office notify the directors by email/written form or request accountants or attorneys to explain to the directors prior to/during the meeting on an irregular basis in compliance with law updates.

③ Director training: The Company invites professionals in October each year to provide training or course information for directors on an irregular basis to be selected for further training based on recent legislation and timely events.

3.3.2 Operations of the Audit Committee

Information Regarding Audit Committee Operations

From the most recent fiscal year up to April 30, 2020, the Audit Committee held nine committee meetings (A), and the attendance record of independent directors is as follows:

Title	Name	Actual attendances (B)	Attendances by proxy	Actual attendance rate (%) [B/A]	Note
Independent Director	Yu-Cheng Chiao	7	2	78	
Independent Director	Victor Wang	9	0	100	Convener
Independent Director	Sheng Chin Jen	8	1	89	
Independent Director	Lynette Ling-Tai, Chou	9	0	100	

Other information required for disclosure:

1. While carrying out its operations, the Audit Committee must report the meeting date, period, content of the motion, and results of the Audit Committee's resolutions.

(1) Matters specified in Article 14.5 of the Taiwan Securities and Exchange Act: N/A.

(2) Except for the matters stated above, there were no resolutions rejected by the Audit Committee and two thirds or more directors gave their approval: N/A.

2. When there is avoidance of conflicts of interest by an independent director, the name of that independent director, the involved proposal(s), the cause(s) of the avoidance of conflicts of interest, and the participation in voting of that director shall be specified: N/A.

3. Communication between independent directors and the internal chief auditor and accountants (including the material items, methods, and outputs of communication on organizational financial status and business status):

(1) Committee members shall submit audit reports and follow-up reports to the committee convener for review at least once a month. Committee members shall also report the audit outputs, improvement of audited defects, and organizational financial and business status. The committee convener shall comment on such reports.

(2) The internal chief auditor and accountants shall attend a committee meeting as guests to report to the committee on the methods, scope, and important adjustments, and their contents of the internal audit. Accountants shall also present reports on communication with the corporate governance department regularly and maintain adequate communication with independent directors. Other than the communications in the meeting, the Chief auditor, Accountants, and the independent directors may contact and communicate with each other directly if needed, to maintain good relationships.

(3) From 2019 to April 2020, there were a total of 6 communications between the independent directors and internal auditors and CPAs (please refer to the table below), which were disclosed in the Company's official website and the MOPS.

Date of Meeting	With the internal Chief auditor		With the appointed accountants	
	Matter Communicated	Outcomes	Matter Communicated	Outcomes
2019/3/22	<p>1. Execution report and communications regarding the audit for Q4 2018.</p> <p>2. 2018 Statement of the Internal Control System.</p>	<p>1. Noted.</p> <p>2. After discussion, the statement is proposed to the BOD for resolution.</p>	<p>1. The CPAs reported the audited financial reports of 2018.</p> <p>2. Report of regulatory changes.</p> <p>3. The CPAs communicated with the attendees and answered their questions.</p>	Noted.
2019/5/10	Execution report and communications regarding the audit for Q1 2019.	Noted.	<p>1. Supplement explanations regarding the audited financial reports of Q1, 2019 by the CPAs.</p> <p>2. Report of regulatory changes.</p> <p>3. The CPAs communicated with the attendees and answered their questions.</p>	Noted.
2019/8/13	Execution report and communications regarding the audit for Q2 2019.	Noted.	<p>1. Supplement explanations regarding the audited financial reports of Q2, 2019 by the CPAs.</p> <p>2. Report of regulatory changes.</p> <p>3. The CPAs communicated with the attendees and answered their questions.</p>	Noted.
2019/10/4	(Lunch meeting) Exchange opinions of corporate governance matters and latest regulation and law changes.	Noted.	(Lunch meeting) Exchange opinions of corporate governance matters and latest regulation and law changes.	Noted.
2019/11/12	Execution report and Communications regarding the audit for Q3 2019.	Noted.	<p>1. Supplement explanations regarding the audited financial reports of Q3, 2019 by the CPAs.</p> <p>2. Report of regulatory changes.</p> <p>3. The CPAs communicated with the attendees and answered their questions.</p>	Noted.
2020/3/20	(Lunch meeting) Exchange opinions of corporate governance matters and latest regulation and law changes.	Noted.	(Lunch meeting) Exchange opinions of corporate governance matters and latest regulation and law changes.	Noted.

3.3.3 Status of corporate governance and the discrepancies and the cause(s) of discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, Governance Best Practice (Governance Best Practice):

Assessment items	Status			Discrepancies and the cause(s) of discrepancies from "Governance Best Practice"
	Yes	No	Explanation	
1. Does the company establish and disclose the Corporate Governance Best Practice Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		This company has established the Governance Best Practice Principles with respect to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, Governance Best Practice established by the Taiwan Stock Exchange (TWSE) and Taipei Stock Exchange (TPEX) and disclosed it on the company website for shareholder inquiries. Apart from maintaining conformity with related laws and regulations, we have established an effective governance framework in the government system to protect the rights and interests of shareholders, strengthen BOD competencies, respect the rights and interests of stakeholders, and enhance information transparency.	NA
2. Structure of shareholdings and shareholder's equity (1) Does the company establish and implement internal procedures for handling shareholder suggestions, questions, disputes and litigation? (2) Does the company keep an up-to-date list of its dominant shareholders and the parties with ultimate control over its dominant shareholders? (3) Does the company establish and implement a risk control mechanism and firewall between its affiliates? (4) Does the company establish internal rules to prevent insider trading using undisclosed information?	✓ ✓ ✓ ✓		(1) The Company has designated personnel exclusively dedicated for investor relations, and the spokesperson and their deputy accept the suggestions and questions of investors and handle disputes. The related department will also accept suggestions and handle disputes where necessary. No litigation with investors has been reported. (2) BOD's Secretariat and the stock affairs agent keep up with the status of directors, managers, and major shareholders holding 10% or more of shares. (3) TCC and affiliates maintain financial independence, including transaction banks and credit limits, and the APs and ARs between TCC and affiliates are paid and collected as scheduled. (4) The BOD passed the "Material Information Handling SOP", and the "Codes of Ethical Management", with applicability covering roles including directors, supervisors, managers, and employees. Strictly abide by and execute the confidentiality SOP for the internal material information, which regulates the members to sidestep all the conflicts of interests related to their position. They are also prohibited from utilizing or leaking undisclosed material information known to them or others, as a prevention of insider trading. The Company also conducts internal education, training, and advocacy on a regular basis.	NA NA NA NA
3. Organization and functions of the BOD (1) Does the company establish and implement a defined policy to diversify board membership? (2) In addition to a Compensation Committee and an audit committee established by law, does the company voluntarily establish other functional committees? (3) Does the company establish a standard to measure the performance of the Board, implement it annually, and release the results to the Board of Directors as a reference for setting the remuneration of individual directors and the nomination and re-election of directors?	✓ ✓ ✓		(1) The number of seats in the BOD is determined appropriately with respect to the scale of organizational operations and the shareholdings (stake) of major shareholders, the actual operational needs, the legal requirements, and the articles of incorporation. BOD emphasizes composition diversity, with members equipped with various role-related knowledge, skills, and industrial backgrounds that are helpful for the holistic development and operation of the Company. In order to achieve ideal corporate governance, the Board of Directors has the following functions: ① Operational judgment. ② Accounting and financial analysis. ③ Operations management. ④ Crisis management. ⑤ Industry knowledge. ⑥ International outlook. ⑦ Leadership. ⑧ Decision-making. Please refer to Note 1 for the Implementation of diversifying board membership for individual directors. (2) To promote sustainable organizational development, ethical management, and the implementation of CSR, the "Organizational Sustainable Development Committee" was established in the 22 nd meeting of the 22 nd Round of the BOD. The status of promotion is reported in the monthly business meetings, or the extraordinary meetings are convened from time to time when needed. In addition, a risk management team was established on March 20, 2020 by resolution of the Board of Directors with the aim of strengthening risk assessment and management functions. (3) The Company established the "Guidelines of Assessment for the BOD's Performance" during the 21 st meeting of the 22 nd Round of the BOD, and the annual assessments are conducted regularly. The assessments of the functional committees and the self-assessment of the BOD are submitted to the BOD for report. The assessment for the BOD's Performance for 2019 was completed before March 20, 2020, and has been reported and reviewed in the 16 th meeting of the 23 rd Round of the BOD and disclosed on the Company's website. These five major aspects are included in measuring the assessment of the BOD (functional committees): ① Degree of participations in the Company's operation ② Enhancement of quality for the decision-making of the BOD ③ Composition and structure of the BOD ④ Election and continuing education of directors ⑤ Internal controls The outcomes of assessment of the BOD's performance for 2019 are as follows: I. The holistic average score for the self-assessment of the BOD is 4.9 points (total 5 points) II. The holistic average score for the self-assessment of the BOD members is 4.9 points (total 5 points) The holistic outcomes of assessment for the BOD's performance shall be valid. The aforementioned self-assessment will be used as reference for evaluating the remuneration of individual directors and the nomination and re-election of directors in the following year.	NA NA NA

Assessment items	Status			Discrepancies and the cause(s) of discrepancies from "Governance Best Practice"
	Yes	No	Explanation	
(4) Does the company regularly evaluate the independence of certified public accountants?	✓		(4) ① The Audit Committee annually assesses the independence of CPAs and reports the results to the Board of Directors. ② None of the CPA firms or CPAs selected by the company have any conflict of interest with the company and maintain strict independence. In every Q1, the Audit Committee discusses the independence and suitability of CPAs of that year prior to appointing them. The Audit Committee also submits the audit results to the BOD for further discussions. On March 20, 2020, the BOD and the Audit Committee passed the CPA independent audit (Note 2).	NA
4. As a TWSE/TPEX listed company, does the Company have set corporate governance concurrent unit or personnel responsible for the concerned affairs (including but not limited to offering necessary materials for the directors and supervisors, executing matters pursuant to Board of Directors' resolutions, executing the corporate registration and change of registration, proceedings for the Board of Directors and shareholder meetings, and so on)?	✓		On March 22, 2019, the BOD hired the Head of Corporate Governance, and has set one corporate governance member in charge of the corporate governance sector of the BOD secretary's office, responsible for contacting, or providing operating information to directors, as well as handling the affairs related to the shareholders meeting and shareholder services. The responsibilities include the following: (1) Implementing legal compliance, internal audits, and internal control: Plan suitable systems and the organizational framework for the company to ensure BOD independence and organizational transparency. (2) Providing directors with information required for business operations. (3) Drafting and establishing the agenda before a BOD meeting and distributing it to all directors seven days before the meeting for them to understand the contents of the related proposals. Directors should be reminded of proposals having conflicts of interest with them. (4) Registering the AGM date and producing and reporting the board meeting notice, annual report, AGM handbook, and AGM minutes by law by the deadline, and reporting to the relevant competent authorities after amending the articles of incorporation or re-electing directors. (5) Implementing company change registration. (6) Assisting shareholders in handling problems relating to stock affairs.	NA
5. Does the company establish channels for communication with stakeholders (including without limitation to shareholders, employees, customers, and suppliers), set up a stakeholder section in the corporate website, and respond appropriately to material CSR issues that concern shareholders?	✓		(1) The Company values the balance of rights and obligations with stakeholders (including shareholders, employees, clients, the down and upper stream vendors, banks, and creditors, among other parties). Other than good communication with each stakeholder, there is a "Stakeholder Page" in the official website, with the contact e-mail address for the stakeholders. (2) There is a "Corporate Governance Page" in the official website, for the investors to inquire about and download the regulations regarding corporate governance.	NA
6. Does the company appoint a professional agent to organize matters regarding the Shareholders Meeting?	✓		We do appoint the Transfer Agency Department of CTBC Bank Co., Ltd. to handle related stock affairs.	NA
7. Information disclosure (1) Does the company set up a website to disclose its financial and governance information?	✓		(1) Via the official website (http://www.taiwancement.com), both the Chinese and English version of the Investor Page are provided, to disclose the latest updates, financial information, and data for shareholders' meetings. These are updated regularly as the references for the investors. The related information is also disclosed on MOPS from time to time.	NA
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(2) We have designated both the spokesperson and deputy spokesperson and appointed staff to disclose various types of financial information and business information over MOPS and the corporate website. We have also posted the video of investor conferences on the corporate website.	NA
(3) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline?		✓	(3) We have published and reported its annual financial report in accordance with the relevant laws and regulations, the related information is also disclosed on MOPS.	NA

Assessment items	Status			Discrepancies and the cause(s) of discrepancies from "Governance Best Practice"
	Yes	No	Explanation	
8. Is there any other material information, the operation of corporate governance (including without limitation employee rights, employee care, investor relations, supplier relations, stakeholder rights, further education for directors and supervisors, the status of implementation of the risk management policy and risk measurement measures, the status of implementation of the customer policy, and the purchase of liability insurance for directors and supervisors, for directors and supervisors)?	✓		(1) We have arranged various employee benefits (e.g. allowances, group insurance, etc). (2) We have established the Education/Training Implementation Regulations to meet with the needs of work and improve work performance. (3) We hold labor-management meetings regularly to improve labor-management harmony. In addition, we have well defined labor-management relations and labor practices, and protect the Act of Gender Equality in Employment to protect the rights and interests of employees. (4) We have established the Performance Bonus Accrual and Distribution Regulations to distribute different types of bonuses to employees. (5) We have established related regulations based on the Act of Gender Equality in Employment to protect the rights and interests of employees. (6) We disclose material information over MOPS and the corporate website by law to protect the rights and interests of investors. (7) In the previous year, directors received further education as per the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. The condition of training is tabulated below. (8) Directors keep up with related legal information at all times. (9) The management team reports the business and financial status to the BOD regularly. (10) We have established various internal rules and regulations by law for risk management and assessment. (11) We have bought insurance for directors and management to lower and disperse the damage caused to the company and shareholders by the illegal acts of directors. (12) We have signed contractors or purchase orders with affiliates to specify the rights and obligations of each party. Prices are set as per the market status. Where no market price is available, prices are set based on a fair and reasonable principle.	NA

9. Please specify the status of improvement and the prioritized improvements with reference to the Corporate Governance Evaluation results announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the preceding year.

The improved items of the 6th Corporate Governance Evaluation System:

Item No.	Item	Amendments
1.6	Does the Company convene the annual shareholders meeting before the end of May?	The Company will conduct an internal assessment on the aforementioned matter.
2.9	Does the Company propose a succession plan for its Board members and senior management, and disclose its implementation in the corporate website and annual report?	The Company has formulated internal regulations which are disclosed on the corporate website.
3.4	Does the Company disclose the annual report within two months of the end of each fiscal year?	The Company will conduct internal assessments and discuss the audit plan with the accounting firm.
3.8	Does the Company voluntarily disclose the financial forecast for all quarters and related operations that have not yet been ordered by the competent authority to take corrective actions, nor have any demerits imposed by the TWSE or TPEX?	The Company will conduct an internal assessment on the aforementioned matter.

The priority measurements to the unimproved items of the 6th Corporate Governance Evaluation System:

Item No.	Item	Amendments
2.14	Has the Company set up a functional committee other than that required by law, consisting of no less than three members, of which the independent directors make up more than 50% of the total members, and disclose the composition, duties, and operation of the functional committee?	The Company has already set up a risk management team, and plans to set up a risk management committee in the future.
4.14	Has the Company's official website or annual report disclosed stakeholder identification, concerned issues, communication channels, and response measures?	The Company will supplement more stakeholder information on the Company's official website and annual report.

Note1: Core Capabilities of Directors

Title	Director	Nationality	Gender	Seniority as the Director of the Company	Industry Experience										
					Financial	Legal affairs	Com-merce	Tech-nology	Banking	Invest-ment and M&A	Infor-mation	Risk manag-ement	Operation manag-ement	Instructor	Cement industry
Chairman	Chang An Ping	ROC	Male	26 years	✓		✓			✓	✓	✓	✓	✓	✓
Director	Li, Jong-Peir	ROC	Male	1 year 9 months	✓		✓			✓	✓	✓	✓		✓
Director	Koo, Kung-Yi	Hong Kong	Male	3 years	✓		✓			✓	✓		✓		✓
Director	Chang Kang-Lung, Jason	ROC	Male	8 years (including service as a supervisor)	✓		✓				✓		✓		✓
Director	Eric T. Wu	ROC	Male	14 years	✓	✓	✓				✓		✓	✓	
Director	Chi-wen Chang	ROC	Male	4 years	✓		✓				✓		✓	✓	✓
Director	Lin Nan-Chou	ROC	Male	14 years	✓		✓				✓		✓	✓	
Director	Kenneth C.M. Lo	ROC	Male	8 years	✓		✓			✓	✓		✓	✓	
Director	Yu Tzun-Yen	ROC	Male	14 years	✓		✓	✓			✓		✓	✓	
Director	Chen Chi-Te	ROC	Male	35 years	✓		✓				✓		✓	✓	✓
Director	Wang Por-Yuan	ROC	Male	11 years	✓		✓	✓			✓	✓	✓	✓	
Director	Hsieh Chi-Chia	ROC	Male	17 years	✓		✓	✓			✓	✓	✓	✓	
Director	Chien, Wen	ROC	Male	1 year 9 months	✓		✓				✓		✓	✓	
Director	Chun-Ying, Liu	ROC	Female	1 year 9 months		✓									
Director	Chih-Chung Tsai	ROC	Male	1 year 9 months	✓		✓						✓	✓	

Title	Director	Nationality	Gender	Seniority as the Director of the Company	Industry Experience											
					Financial	Legal affairs	Com-merce	Tech-nology	Banking	Invest-ment and M&A	Infor-mation	Risk man-agement	Operation man-agement	Instructor	Cement industry	
Independent Director	Yu-Cheng Chiao	ROC	Male	8 years	✓		✓	✓			✓	✓	✓	✓		
Independent Director	Victor Wang	ROC	Male	7 years	✓		✓				✓		✓	✓	✓	
Independent Director	Sheng Chin Jen	ROC	Male	1 year 9 months	✓		✓				✓		✓	✓		
Independent Director	Lynette Ling-Tai, Chou	ROC	Female	1 year 9 months	✓		✓						✓		✓	

Note 2: Criteria of Assessment for Accountant's Independence

Indicator	Outcomes of Assessment	Whether being qualified for independence
1. Is the accountant materially related to the Company directly or indirectly regarding the financial interests?	No	Yes
2. Does the accountant have any financing or guaranteeing relationship with the Company or any director?	No	Yes
3. Does the accountant have a close business relationship or potential employment relationship with the Company?	No	Yes
4. Is the accountant or any member of the audit team also the director, manager, or other position with great influence to the auditing works during the period of audit?	No	Yes
5. Does the accountant provide any non-audit services with direct influence to the auditing works to the Company?	No	Yes
6. Does the accountant play the broker of the shares or other securities issued by the Company?	No	Yes
7. Does the accountant also defend the Company in legal actions or negotiate the conflicts with any third party on behalf of the Company?	No	Yes
8. Is the accountant a relative of any one holding a office that may greatly influence the directors, managers, or the auditing works of the Company?	No	Yes

Table

Directors and supervisors (now independent directors) take further education courses based on schedule and professional backgrounds, and the arrangements are as follows:

Title	Name	Organizer	Course	Date	Length	Compliance with requirements
Chairman	Chang An Ping	Taiwan Corporate Governance Association	The global trade war and the impact of CRS and anti-tax avoidance (I)	2019/10/4	3	YES
			The global trade war and the impact of CRS and anti-tax avoidance (II)		3	YES
			The impact of the development of blockchain technology and applications on enterprises		3	YES
			Corporate governance and director responsibilities under the new Company Act		3	YES

Title	Name	Organizer	Course	Date	Length	Compliance with requirements
Director	Li, Jong-Peir	Taiwan Corporate Governance Association	The impact of IFRS 17 to life insurance industry	2019/10/2	3	YES
			The global trade war and the impact of CRS and anti-tax avoidance (I)	2019/10/4	3	YES
			The global trade war and the impact of CRS and anti-tax avoidance (II)		3	YES
			The impact of the development of blockchain technology and applications on enterprises		3	YES
			Corporate governance and director responsibilities under the new Company Act		3	YES
Director	Koo, Kung-Yi	Taiwan Corporate Governance Association	The global trade war and the impact of CRS and anti-tax avoidance (I)	2019/10/4	3	YES
			The global trade war and the impact of CRS and anti-tax avoidance (II)		3	YES
			The impact of the development of blockchain technology and applications on enterprises		3	YES
			Corporate governance and director responsibilities under the new Company Act		3	YES
Director	Kenneth C.M. Lo	Taiwan Corporate Governance Association	Personal information protection and corporate governance	2019/3/19	3	YES
			The latest trends and major regulations on anti-money laundering and counter terrorism	2019/5/24	3	YES
Director	Wang Por-Yuan	Taiwan Corporate Governance Association	The global trade war and the impact of CRS and anti-tax avoidance (I)	2019/10/4	3	YES
			The global trade war and the impact of CRS and anti-tax avoidance (II)		3	YES
Director	Eric T. Wu	Corporation Operation Association	Reform and Case Study of the Shareholders' Meeting	2019/7/23	3	YES
			Validity and Judicial Practice of the Resolution of the Shareholders Meeting	2019/11/11	3	YES
Director	Yu Tzun-Yen	Taiwan Corporate Governance Association	New decisions in sustainability - Task Force on Climate-Related Financial Disclosures (TCFD)	2019/5/3	3	YES
		Securities & Futures Institute	Offensive and defensive precautions for trade secret protection	2019/8/2	3	YES
Director	Chang Kang-Lung, Jason	Taiwan Corporate Governance Association	The global trade war and the impact of CRS and anti-tax avoidance (I)	2019/10/4	3	YES
			The global trade war and the impact of CRS and anti-tax avoidance (II)		3	YES
Director	Lin Nan-Chou	Taiwan Corporate Governance Association	The global trade war and the impact of CRS and anti-tax avoidance (I)	2019/10/4	3	YES
			The global trade war and the impact of CRS and anti-tax avoidance (II)		3	YES
Director	Hsieh Chi-Chia	Taiwan Corporate Governance Association	The Impact of the US-China Trade War and Response Measures of Taiwanese Companies	2019/06/19	3	YES
			2019 Key Tax Issues for the Group		3	YES
		Corporation Operation Association	Legal Compliance of the Board of Directors, Legal Responsibilities of Directors and Supervisors and Case Studies	2019/11/08	3	YES

Title	Name	Organizer	Course	Date	Length	Compliance with requirements
Director	Chen Chi-Te	Taiwan Academy of Banking and Finance	Workshop for corporate governance and the sustainable operation of enterprises	2019/4/16	3	YES
		Securities & Futures Institute	Prevention of Insider Trading	2019/4/26	3	YES
Director	Chien, Wen	Taiwan Corporate Governance Association	The impact of the development of blockchain technology and applications on enterprises	2019/10/4	3	YES
			Corporate governance and director responsibilities under the new Company Act		3	YES
Director	Chun-Ying, Liu	Chinese National Association of Industry and Commerce, Taiwan	Tax Reform (I-III)	2019/8/22	3	YES
		Securities & Futures Institute	2019 Discussion Seminar on Derivatives Hedging of TWSE/TPEX Listed Companies	2019/12/13	3	YES
Director	Chih-Chung Tsai	Taiwan Corporate Governance Association	The impact of the development of blockchain technology and applications on enterprises	2019/10/4	3	YES
			Corporate governance and director responsibilities under the new Company Act		3	YES
Independent Director	Yu-Cheng Chiao	Taiwan Corporate Governance Association	Digital decision making with the business model of board products as an example	2019/4/9	3	YES
			Analysis of panoramic patents for product development stage. AI-thinking and applications	2019/6/27	3	YES
			World Economic Trends and Development Opportunities in Taiwan		3	YES
Independent Director	Victor Wang	Chinese National Association of Industry and Commerce, Taiwan	The new regulations and trends of corporate governance in 2019 that need to be known by directors and supervisors	2019/3/21	3	YES
		Taiwan Corporate Governance Association	The global trade war and the impact of CRS and anti-tax avoidance (I)	2019/10/4	3	YES
			The global trade war and the impact of CRS and anti-tax avoidance (II)		3	YES
			The impact of the development of blockchain technology and applications on enterprises		3	YES
			Corporate governance and director responsibilities under the new Company Act		3	YES
Independent Director	Sheng Chin Jen	Taiwan Corporate Governance Association	Energy saving and carbon reduction to boost the profits of enterprises	2019/10/8	3	YES
			Enterprises innovation and profitability breakthroughs in the era of the digital economy		3	YES
Independent Director	Lynette Ling-Tai, Chou	Taiwan Corporate Governance Association	The impact of the development of blockchain technology and applications on enterprises	2019/10/4	3	YES
			Corporate governance and director responsibilities under the new Company Act		3	YES

3.3.4 Composition, duties, and operations of the Compensation Committee:

The 18th meeting of the 20th BOD passed on 30 August 2011 the establishment of the Articles of Organization of the Salary and Compensation Committee Charter to establish the Compensation Committee to assess the salary and compensation policies and systems of directors, supervisors, and managers; and establish and review the performance evaluation of directors, supervisors, and managers and the policies, systems, standards, and structures of their salary and compensation based on a professional and objective basis. From the most recent fiscal year up to April 30, 2020 the Compensation Committee held six meetings and submitted related resolutions to BOD for review.

(1) Data of Compensation Committee Members

Identity Category	Qualification Name	With a minimum of 5 years of work experience and the following professional qualifications			Status of Independenc(Note 1)										Concurrently as an Compensation Committee Member to other public companies	Note		
		College/university instructors or higher levels in commerce, law, finance, accounting or subjects required by the business of the company	Passed the qualification examination with proper licensing by the national government as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the company	Commerce, law, finance or as required by the company	1	2	3	4	5	6	7	8	9	10				
Independent Director	Yu-Cheng Chiao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Qualifications met
Independent Director	Victor Wang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	Qualifications met
Independent Director	Sheng Chin Jen	✓		✓	✓	✓	✓	✓					✓	✓	✓		1	Qualifications met
Independent Director	Lynette Ling-Tai, Chou	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		1	Qualifications met

Note 1: Check “{ √ }” the qualifications appropriate to each director and supervisor who meet such qualifications two years before assumption of office or at the time of assumption.

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

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

(3)Holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party.

(4)Not a manager as specified in (1) nor a spouse, a blood relative within the second degree of kinship under the Civil Code, a relative within the third degree of kinship under the Civil Code as specified in (2) and (3).

(5)Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving at, the company and its parent or subsidiary or a subsidiary of the same parent).

(6)Not a majority of the company's director seats or voting shares and those of any other company controlled by the same person: director, supervisor, or employee of that other company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving at, the company and its parent or subsidiary or a subsidiary of the same parent).

(7)Not a chairperson, general manager, nor person holding an equivalent position of the company and a person in any of those positions at another company or institution who is the same person or are spouses: director (or governor), supervisor, or employee of that other company or institution (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving at, the company and its parent or subsidiary or a subsidiary of the same parent).

(8)Not a director, supervisor, officer, nor shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company (except for a specified company or institution holding 20 percent or more and no more than 50 percent of the total number of issued shares of the company, or independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving at, the company and its parent or subsidiary or a subsidiary of the same parent).

(9)Not a professional individual, nor an owner, partner, director, supervisor, nor officer of a sole proprietorship, partnership, company, nor institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider has received cumulative compensation exceeding NT\$500,000 in the past 2 years, nor a spouse thereof. provided, this restriction does not apply to a member of the Compensation Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10)Not under any of the categories stated in Article 30 of the Company Act.

(2) Operations of the Compensation Committee

1. Our Compensation Committee consists of four members.

2. Length of the current term: June 22, 2018 to June 21, 2021. The Compensation Committee held 6 meetings (A) from the most recent fiscal year up to April 30, 2020, and the qualifications and attendance record of members are as follows:

Title	Name	Actual attendances (B)	Attendances by proxy	Rate of actual attending (%) [B/A]	Note
Convener	Yu-Cheng Chiao	5	1	83%	
Committee member	Victor Wang	5	1	83%	
Committee member	Sheng Chin Jen	6	0	100%	
Committee member	Lynette Ling-Tai, Chou	6	0	100%	

Other information required for disclosure:

I. When BOD rejects or modifies the recommendations made by the Compensation Committee, please state the date and session of board meeting, the proposal, BOD resolutions, and settlement on the opinions of Compensation Committee members (if the salary and compensation approved by BOD are superior to that recommended by the Compensation Committee, please specify the differences and causes): NA.

II. When there are objections or qualified opinions for the records or with written statements of Compensation Committee members to committee resolutions, state the date and session of the committee meeting, the proposal, and the settlement of the opinions for and against the resolution: NA.

3.3.5 Fulfilling corporate social responsibility initiatives and discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons:

Assessment items	State of operations			Discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Explanation	
I. Does this company make the risk management policy and strategies for the consideration to environment, society and corporate governance according to the materiality principle?	✓		<p>1. Corporate Governance: (1) Corporate Social Responsibility Best Practice Principles clearly state: In fulfilling corporate social responsibility initiatives, the company shall, in its corporate management guidelines and business operations, base itself on social ethics and give due consideration to the rights and interests of stakeholders, and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance. This company was Taiwan's first TWSE/GTSM listed company, and is also a leading brand in the cement industry. Our long-term development and operating performance has impressed shareholders and the investment market, and we have remained committed to stable corporate growth. (2) In order to put risk assessment on a sound footing and strengthen management functions, the board of directors approved the establishment of a "risk management team" on March 20, 2020.</p> <p>2. Environmental issues: We pay close attention to the materials used in our products and production processes, and are well aware of the exhaustion of resources from the natural environment. We are actively engaged in finding solutions, and have incorporated a green management system in our production processes and results, as well as establishing green management thinking throughout our corporate operations. We seek to reduce the environmental pollution, provide welfare and secured benefits, purify ecosystems, improve the environmental quality, and create a happy workplace</p> <p>3. Labor-management relations: Our main product is cement, and the cement industry requires robust safety management geared to maintaining employee safety. We have also adopting appropriate management systems in order to strengthen the safety consciousness of employees and contractors, and prevent occupational accidents. Furthermore, we stress employee training, hold regular work growth classes, use various incentive measures to retain talent, such as employee bonuses and performance bonuses, and expects employees to grow with the company.</p> <p>4. Against corruption: This company strictly upholds relevant laws and regulations, has drafted a Code of Ethical Conduct and the Ethical Corporate Management Best Practice Principles, engages in all operating activities in the spirit of integrity, fairness, and reason, has set a management goal of zero infractions, has established channels for complaints and reporting of management offenses, and encourages colleagues to report any actions that are illegal or violate our code of ethical conduct.</p> <p>5. Customer relationship: Since the company's establishment, we have striven to achieve the goal of providing customers satisfying products and services. Taking the customer's perspective, we offer customized products and services, and visit customers' sites to provide cement applications, adjust ready-mix proportions, and help customers resolve construction problems on the spot. Our customer service team arranges customer service travelling every month. We are actively concerned about customers' recent cement use situation, engage in two-way technology interchange with customers, have established customer service travel plan and tracking forms, and strive to maintain long-term excellent customer relationships in order to create the greatest value for customers.</p> <p>6. Followed the regulations of society and economic: This company's departments will followed up and update the latest regulations regularly, and follow the rules strictly when the company is operating.</p>	NA
II. Does the company establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, and does the board of directors authorize management to handle and report on the same to the board of directors meeting on a periodic basis?	✓		<p>In 2018, the board of directors passed a resolution establishing a non-statutory "Organizational Sustainable Development Committee" which is headed by the chairman of the board and has established the five large subcommittees "trustworthy governance and risk management," "circular manufacturing," "sustainable environment and products," "employee care," and "social concern." The Committee is promoting sustainability strategic planning and plan implementation on a broad scale, and bears responsibility for drafting and reviewing corporate social responsibility policies, systems, or relevant management guidelines. We seek to reduce the environmental pollution, provide welfare and secured benefits, purify ecosystems, improve the environmental quality, and create a happy workplace. The Committee reports on the same to the board of directors each year on a periodic basis.</p>	NA

Assessment items	State of operations			Discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Explanation	
III. Environmental issues				
1. Does this company establish proper environment management systems based on the characteristics of its industries?	✓		1. (1)Management-level implementation: We have established ISO 14001 and ISO 50001 environmental and energy management systems, and rely on our ISO management system continues to pursue improved environmental and energy use performance. We further employ environment management programs and energy baseline surveys, improvement projects, and establishment of management systems to strengthen environmental and energy management. (2) We have conducted greenhouse gas inventories since 2007, and have received ISO 14064 Greenhouse Gases Verification Statement from SGS. (3) Starting from the second quarter of 2019, we have implemented a policy of coupling quarterly bonuses with carbon emission intensity at our various plants, which has encouraged our cement plants to strive to further reduce carbon emission intensity per unit product. (4)We adopted BS 8001 circular economy assessment verification in 2018, and SGS has confirmed a grade of "optimized."	NA
2. Does this company utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		2. We are actively researching ways of reusing waste and resources, and hope to find alternatives for natural resources and raw materials. While seeking to reduce the unit energy consumption of our cement products, we also hope to simultaneously reduce our greenhouse gas emissions.	NA
3. Does this company evaluate the potential risks and opportunities under climate change and take measures in response to the climate issues?	✓		3. (1) Responding to the government's energy policy and circular economy policy, we first proposed a green value chain supply chain in 2016, and have taken tangible action to participate in relevant research on such topics as carbon capture, utilization, and storage (CCUS) platforms, which has created opportunities for responding to climate change, and are participating in various government resource reuse and renewable energy projects. (2) In 2019, the Group's CEO An-ping Chang personally signed a letter pledging to pass SBTi (Science Based Targets initiative) review by December 1. Our plan to review the Group's internal energy and carbon reduction opportunities during the next two years, and draft reduction targets based on scientific methods, highlights the Group's ambition to help moderate climate change.	NA
4. Does this company record greenhouse gas emissions, water consumption, and weight of waste over the last two years and establish policies for energy conservation, carbon and greenhouse gas reduction, water-saving and waste management?	✓		4. (1)We are employing a system-based management approach to reduce energy consumption per unit product. In addition, we are constantly looking for ways to replace raw materials and fuel with reused waste and resources in our product R&D. Apart from enhancing resource use efficiency, this work is also boosting our carbon reduction performance and reducing risk of resource shortages due to climate change. We achieved a waste and resource reuse rate per unit cement of 19.07% in 2019 (this rate was 19.59% in 2018). (2)Taiwan Cement has taken the establishment of a circular economy as a strategic objective, and seeks to create sustainable corporate operating value through the establishment of a cross-industry "circular economy chain." Adoption of ISO 14001, ISO 50001, ISO 14064, ISO 14046, and BS 8001 international standard certifications has enhanced our energy, water, wastewater, and waste management performance, and our results are better than the indicator standards prescribed in environmental protection laws and regulations. We have taken the improvement of energy conservation, environmental protection, and production processes as key planning directions, and are reducing our environmental impact through the implementation of advanced operating management concepts and energy conservation/environmental protection policies.	NA
IV. Social issues				
1. Does this company make relevant management policies and processes according to the International Bill of Human Rights?	✓		1.The company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination, and drafts work rules on the basis of the Labor Standards Act and relevant government laws and regulations.	NA
2. TWSE/GTSM listed companies shall appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.	✓		2. Based on the standard industry salary survey report, the company reviews employees' salary level and bonus award system and plans out market-competitive salary level, where corporate social responsibility is an index as well. The company's overall revenue is deeply connected with employee's personal performance, and bonuses can be reflected in outstanding employees. Employees' outstanding performance or improper conduct are governed by "Working Rules".	NA
3. Does this company provide safe and healthful work environments for their employees and organize training on safety and health for them on a regular basis?	✓		3. An Occupational Safety and Health Administration Office has been set up to handle all matters regarding occupational safety and health in the company. Employees' safety and health training as well as drills in simulated situations are continuously emphasized. Education, training and promotion with respect to working environment, equipment, and hazardous substances are implemented or the benefit of employees to protect their safety and health at work.	NA
4. Does this company establish effective training programs to foster career skills for their employees?	✓		4. The company highly values employee training and carries out a series of target-oriented professional and management programs, strategies for career and talent development custom-made for the employees, as well as education and training for the cultivation of junior executives.	NA

Assessment items	State of operations			Discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Explanation	
5. Does this company follow relevant laws, regulations and international guidelines for customer health and safety, customer privacy, and marketing or labeling of the products and services?	✓		5. The company has stipulated regulations governing client service and client complaints, providing complete product quality services to clients; a special research office is also established that cooperates with other production or business departments, offering customized services and client complaint solutions à la cocktails. Every year, the company regularly conducts satisfaction survey as the reference for improvement and supervision. According to Commodity Labeling Act, the bags of cement are labeled with place of production, ingredients, date of completion, and date of expiration. Data of bulk cement, such as manufacturing factory, ingredients, and date of completion are recorded on the completion record sheet, and are stored in air-tight tank trucks to prevent dust dispersion. For shipment of domestic sale, a special ship with dust-collecting equipment is dispatched along with complete shipping documents. For foreign sale, sale and shipment are carried out in accordance with international standards and established precedents. The QA system of all factories has passed ISO and CNS Mark. All completed products have been through quality test in accordance with internal control standards of the Bureau of Standards, Metrology and Inspection, MOEA or higher as well as client's needs to ensure compliance of client requirements.	NA
6. Does this company make supplier management policies to ask suppliers follow the relevant regulations of issues of environment, occupational safety and health, and labor rights etc?	✓		6. The "Supplier Behavior Criteria" have been stipulated in order to build common sustainability awareness with our partners. Manufacturers will be investigated for labor conditions, occupational safety and health, environment, norms of ethics, and management system, asking them to comply with fundamental requests of sustainability before becoming a supplier of Taiwan Cement Company. Regular on-site visit to key suppliers have been conducted, and supplier evaluation has been implemented to understand the current management status of the suppliers. The visit includes a cross-functional evaluation team composed of staffs from materials, quality control, manufacturing, and finance departments; or the visit is entrusted to other institution. The main evaluation items are quality, service, organization, financial performance, and so on. Sustainability evaluation items include labor conditions, occupational safety and health, environment, norms of ethics, and management system. By on-site, in-depth visiting, supplier's condition of sustainability implementation will be fully understood, and recommendations for improvement will be given in the hope of continuously enhancing sustainability management performance as well as promoting development of industry's common benefits.	NA
V. Does this company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy? Is it advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the report?	✓		(1)Internal review: data or information disclosed in this report has been provided by responsible departments, and has been confirmed by the CSR report compiling team; then it reviewed and approved by the chairman after being submitted to the department heads. (2)External review: This CSR report was written on the basis of the GRI Standards core options (please see the explanation on P.9 of this CSR report) and the GRI supplementary directory for mining and metals industries, and has passed ISAE 3000 (DTTL) and AA 100(GGS) certification. The foregoing CSR report has already been made public on this company's website and the TSE Market Observation Post System for investors' queries.	NA

VI. If the company has drafted its own Corporate Social Responsibility Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please clearly state any discrepancies between its implementation and its prescribed rules:
(1) In order to actively promote corporate sustainability, business integrity, and fulfillment of social responsibilities, on May 10, 2018, the board of directors passed a resolution establishing Organizational Sustainable Development Committee headed by the chairman, and various units (the integrity team, circular manufacturing team, sustainable environment and product team, employee care and social care team) have been established under this committee, which must report at the board of directors meeting.
(2)The Corporate Social Responsibility Best Practice Principles drafted and implemented by this company is being gradually realized in accordance with the requirements of the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.

VII. Other important information facilitating understanding of the state of CSR implementation:
(1)This company has passed occupational health and safety management system (OHSAS 18001) and Taiwan Occupational Health and Safety Systems (TOHSMS) certification, provides a safe and healthy operating environment, and has set up health and first-aid facilities in plant operating areas. We continue to invest in our human and material resources, and strive to impart necessary health and safety knowledge and skills to our personnel in accordance with the characteristics of different plant areas. These efforts include new employee education and training, transportation safety awareness, CNS15506 and OHSAS18001 training, work supervision training, general hazard education, refresher training for personnel holding professional health and safety licenses, annual overhaul safety training, and fire safety & emergency response equipment training, and seek to enhance safety consciousness by maintaining a high level of training quality. We further continuously improve our health and safety management system in an effort to reduce health and safety hazard factors, prevent accidents, and promote employee health and safety.
(2) Environmental protection
1. We firmly believe in caring for the environment, cherishing our resource, and realizing a circular economy in the spirit of sustainability. We adopted the ISO 14001 environmental management system in 1997 in response to international trends, and the implementation of this system has enabled us to continuously enhance our environmental performance, enabling us to realize the CSRC's "Coexist with the Environment, and Operate Sustainably for the Sake of Society" environmental protection concept.
2. In response to energy conservation, environmental protection, and waste heat recovery policies, we have installed "online boilers" on our carbon black protection lines. These online boilers collect waste heat and convert it to steam; apart from using the steam within our plants, we also sell it to nearby plants, enabling the plants to reduce their use of fuel oil and lessen the discharge of such pollutants as sulfur oxides (SOx), nitrogen oxides, and carbon dioxide from their boilers, which serves to reduce carbon emissions.
3. We have invested in "desulfurization systems", "denitrification systems", and "odor elimination systems", and have installed these systems in discharge channels, such as plant chimneys. We are actively implementing an air pollutant emission reduction policy, have met new-generation environmental protection standards ahead of time, have initiated an "Environmental protection isn't a cost" policy, and look forward to complying with future international environmental protection standards.
4. We have installed photovoltaic batteries and replaced our air compressors with new equipment in order to reduce our power consumption and purchases; apart from energy conservation, these steps have also reduced our greenhouse gas and carbon dioxide emissions.
(3) Consumers' rights and interests
To protect the right to know of customers and our consumers, we regularly update our products' "safety data sheets" (SDS), and provide the newest product safety characteristics and our waste processing methods, etc. At the same time, in compliance with government policies and current needs, we have revised the content of our product markings to ensure that customers and consumers will not misuse our products, and to provide sufficient product safety and environmental protection information.
(4) Human rights
With regard to workplace safety and employee health and sanitation management, we hold regular employee health and safety training classes and simulation exercises in accordance with standard operating procedures, and also provide management training and awareness addressing relevant working environments, equipment, and hazardous substances in an effort to protect employees' health and safety.
(5) Community participation, social contribution, social service, and social welfare
We participate in the Taiwan Responsible Care Association, the chairman has signed the "Responsible Care Global Charter", we are actively improving our corporate work safety, health, and environmental protection performance, and we have adopted a global chemical safety management system.
To promote community development and environmental protection groups efforts to increase environmental protection knowledge, we actively promote environmental education and training activities and provide sponsorships at nearby public elementary schools and high schools.
To support the local communities and foster harmony with local community residents, we provide support to families experiencing sudden emergencies and suffering difficulties.

3.3.6 Fulfilling Ethical Corporate Management initiatives and discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons:

Assessment items	State of operations			Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Explanation	
<p>I.Establishment of ethical corporate management policies and conduct.</p> <p>1. Does this company have a clear ethical corporate management policy approved by its board of directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>2. Has the company established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>3. Has the company established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</p>	✓		1. In order to fulfill our corporate social responsibilities, we have always promoted culture and respected labor; we have created a corporate body embodying "quality, character, and taste," maintain integrity and enthusiasm for service, provide superb service exceeding our customers' expectations, rely on this basis to realize customer satisfaction, have established excellent relationships with vendors and customers, and pursue corporate sustainability and growth—these are our overriding principles. We clearly set forth our attitude toward corporate operations on our company website, and our board of directors and management rely on this attitude to realize a business philosophy centered on integrity.	NA
	✓		2. All external donations exceeding a certain amount must be approved by the board of directors before they can be implemented, and our audit unit constantly monitors whether donations may serve as bribes, kickbacks, or other improper benefits. Furthermore, since the company's foreign capital share exceeds 30%, in accordance with law, it is forbidden from making political donations.	NA
	✓		3. The Procedures for Ethical Management and Guidelines for Conduct drafted by this company explicitly state relevant operating procedures guiding implementation.	NA
<p>II.Ethic Management Practice</p> <p>1. Has the company assessed the ethics records of with whom it has business relationships with and include business conduct and ethics related clauses in the business contracts?</p> <p>2. Has the company set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the board of directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and supervise its implementation?</p> <p>3. Has the company has adopted policies for preventing conflicts of interest to identify provide appropriate communication and complaint channels and implement such policies properly?</p> <p>4. To implement relevant policies on ethical conduct, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and has its ethical conduct program been audited by internal auditors or CPA periodically?</p> <p>5. Does this company provide internal and external ethical conduct training programs on a regular basis?</p>	✓		1. Apart from requiring close compliance by vendors, vendor honesty and social responsibility pledge we have drafted also calls for regular monitoring and assessment of vendors.	NA
	✓		2. In order to actively promote corporate sustainability, business integrity, and fulfillment of social responsibilities, on May 10, 2018, the board of directors passed a resolution establishing Organizational Sustainable Development Committee headed by the chairman, and various units have been established under this committee, which must regularly report to the board.	NA
	✓		3. Corporate Social Responsibility Best Practice Principles clearly state: In fulfilling corporate social responsibility initiatives, the company shall, in its corporate management guidelines and business operations, base itself on social ethics and give due consideration to the rights and interests of stakeholders, and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.	NA
	✓		4. Internal audits are an important link in the company's internal control, and help management locate internal control shortcomings and assess the effects and efficiency of operations, ensuring the continuing effective implementation of the internal control system. Audits are also a means of protecting against dishonest conduct. Before each audit, we download SAP data, analyze abnormal data, and list annual audit items in accordance with level of risk on the basis of the early warning items generated by our internal control early warning system. To ensure that cement reaches the worksite safely, our cement plants in Mainland China have uniformly established GPS monitoring systems and fleeing goods internal control early warning systems. GPS tracking of abnormalities in the flow of goods has detected multiple instances of fleeing goods, and we have imposed penalties and are tracking improvement. As a result, dishonest behavior has decreased. To reduce illicit behavior among transformer station management personnel, such as leaving their post or sleeping on the job, we have promoted an on-duty personnel risk concept; after repeated audits and tracking, there has been significant improvements in the conduct of transformer station management personnel.	NA
	✓		5. In 2018, all employees of Taiwan Cement signed our "Integrity Rules and Ethical Standards Statement" and took part in relevant awareness and training.	NA

Assessment items	State of operations			Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Explanation	
<p>III. Implementation of Complaint Procedures</p> <p>1. Does this company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p> <p>2. Has the company established standard operating procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?</p> <p>3. Does this company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>1. Although we have not yet drafted a specific infraction reporting and incentive system, we encourage the reporting of any illegal behavior or violations of our Code of Ethical Conduct. We have strengthened awareness of ethical principles, and encourage employees to report any suspected or uncovered illegal actions or violations of the Code of Ethical Conduct to their supervisors, internal audit managers, or other appropriate personnel, and provide sufficient information to enable the company to appropriately handle follow-up enforcement matters.</p> <p>2. Although we have not yet drafted standard operating procedures for investigation of reported infractions or relevant confidentiality mechanisms, our audit office follows the company's relevant operating regulations when handling these cases.</p> <p>3. We maintain confidentiality when handling reported infractions, and have made employees aware that the company will do its utmost to protect the safety of all persons reporting infractions in good faith.</p>	<p>NA</p> <p>NA</p> <p>NA</p>
<p>IV. Strengthen the Information Disclosure Does this company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?</p>	<p>✓</p>		<p>Our corporate website explicitly discloses the company's business philosophy of integrity, which is explicitly laid forth on English and simplified Chinese webpages.</p>	<p>NA</p>

V.If the company has drafted its own Corporate Social Responsibility Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please clearly state any discrepancies between its implementation and its prescribed rules:

The 14th meeting of the company's 20th board of directors approved the Ethical Corporate Management Best Practice Principles and the 11th meeting of the 22nd board of directors approved the 3rd revision of the Principles. In addition, our Audit Department bears responsibility for monitoring implementation of our business integrity policy; this policy and the business integrity operating rules determined by the company are being implemented in stages in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM.

VI. Other important information facilitating understanding of the state of ethical corporate management implementation:
The correspondent banks we rely on in dealings with our affiliated enterprises are uniformly financial institutions with a certain credit grade and level of assets. Furthermore, we have also drafted customer credit management regulations, regularly conduct appraisals of vendors, perform assessments of risk items, and use an SAP system to implement management and control.

3.3.7 If the company has established the Governance Best Practice Principles and related regulations, please disclose the methods to access them.

The 14th meeting of the 20th BOD passed the establishment of the Ethical Corporate Management Best Practice Principles, which was amended at the 2th meeting of the 22nd BOD. Related regulations are accessible from the Investors section on our website at http://www.taiwancement.com/#Invest_4_2_3.

The 8th meeting of the 22nd BOD passed the amendment to the Application for Suspension or Resumption of Transactions SOP. The 12th meeting of the 22nd BOD passed the amendment to the Corporate Social Responsibility Best Practice Principles. The 16th meeting of the 23rd BOD passed the amendment to the Governance Best Practice Principles.

3.3.8 Other material information that is helpful for understanding the status of implementation of corporate governance:

- (1) We timely disclose material information and hold investor conferences regularly.
- (2) The 14th meeting of the 20th BOD passed the establishment of the Ethical Corporate Management Best Practice Principles.
- (3) We produced and published CSR reports.

- Internal audit: Data or information disclosed in this report have/has been provided by responsible departments after confirmation by the CSR report team and reviewed and approved by the chairman after being submitted to the department heads.
- External audit: Report compliance with the Core disclosure principle in the GRI Standards has been verified and assured by SGS Taiwan Ltd.
- With reference to the requirements for Core disclosure principle of the GRI Standards and the Moderate Assurance in Type 1, AccountAbility 1000 Assurance Standard. Please refer to the indices for related assurance/verification methods and results.
- The said CSR report has been disclosed on our corporate website and MOPS.

(4)The further education and training relating to corporate governance attended by our managers are as follows:

Title	Name	Organization	Course	Date	Length(hour)
VP concurrently serving as Head of Legal and Corporate Governance	Li-Wen Tsai	Taiwan Corporate Governance Association	Importance of environmental, social, and corporate governance (ESG) elements in investments—In accordance with the investment management perspective in these standards	2019/05/08	1
			Artificial intelligence in Taiwan: Industrial transformation, opportunities and challenges	2019/08/27	1
			The global trade war and the impact of CRS and anti-tax avoidance (I)	2019/10/04	3
			The global trade war and the impact of CRS and anti-tax avoidance (II)		3
			Corporate governance and director responsibilities under the new Company Act		3
			The impact of the development of blockchain technology and applications on enterprises		3
		Independent Director Association Taiwan	Exploring the emergence and challenges of shareholder activism from the perspective of policies and practice—With discussion of hostile takeover strategies	2019/11/13	3
Taiwan Corporate Governance Association	Summit: 15 th Corporate Governance Forum	2019/11/27	6		
AVP and Accounting chief officer	Guo-Hong Yeh	Accounting Research and Development Foundation in Taiwan	Continuing education for accounting managers at issuers, securities firms, and securities exchange	2019/12/19~2019/12/20	12
Senior Manager and Chief auditor	Xiao-En Tseng	Accounting Research and Development Foundation in Taiwan	Key regulatory principles of the Securities and Exchange Act that must be understood by internal audit personnel and analysis of major violation cases	2019/11/5	6
		Accounting Research and Development Foundation in Taiwan	Violations commonly seen in corporate internal audits, exploration of legal responsibility, and case studies	2019/12/2	6

3.3.9 Implementing the internal control system

3.3.9.1 Statement of internal control

Taiwan Cement Corporation

Statement of Internal Control

Date: March 20, 2020

With regards to results of the 2019 self-evaluation of the internal control system, we hereby declare as follows:

1. We acknowledge and understand that it is the responsibility of our BOD and managers to establish, implement, and maintain an internal control system, and we have established such system. The purpose is to fairly ensure the effectiveness and efficiency of operations (including profitability, performance and security of assets); the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
2. There is limitation inherent to each internal control system, however perfect the design is. As such, an effective internal control system can only fairly ensure the achievement of the aforementioned goals. Furthermore, the effectiveness of an internal control system may vary as the macro environment and situation change. By equipping our internal control system with a self-monitoring mechanism, we can take immediate corrective actions against any defects once identified.
3. By referring to the criteria for determining the effectiveness of an internal control system as specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the "Criteria"), we judge the effectiveness of design and implementation of our internal audit system. With regard to the management control process, the Criteria divided an internal control system into five elements: a) control environment, b) risk evaluation, c) control activities, d) information and communication, and e) monitoring. Each element in turn contains certain audit items, and shall be referred to the Criteria for details.
4. We have evaluated the effectiveness of design and implementation of our internal control system with such criteria aforementioned.
5. In respect of the findings from the above evaluation, we believe the design and implementation of our internal control system (including the

supervision and management of subsidiaries) by December 31, 2019 were effective to achieve the above goals in terms of the effectiveness and efficiency of operations; the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.

6. This statement shall form an integral part of the annual report and the prospectus on this company and will be disclosed to the public. If there is any fraud, concealment and unlawful practice found in the above contents, we shall be liable to the legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. This statement of declaration was approved unanimously by the board meeting held on March 20, 2020 with the presence of all directors attended the meeting.

Taiwan Cement
Corporation

Chairman:

Signature/Seal

President:

Signature/Seal

3.3.9.2 The company auditing its internal control system by a CPA shall disclose the CPA audit report: NA.

3.3.10 Punishments, major defects, and improvements in the previous year and by the date of report publication of the company or its personnel by the law or for violation of the regulations of the internal control system: NA.

3.3.11 Important resolutions made by the general meeting of shareholders and BOD in the previous year and by the date of report publication:

Implementation status of the resolutions of the regular shareholders' meetings held in 2019:

Major Resolutions of the Shareholders' Meetings			
Meeting Date	Subject	Resolution and result	Implementation Status
2019/06/12 Regular shareholders' meeting	1. Submission of the 2018 business reports and financial statements of this company for approval.	Proposals introduced by original board of directors recognized by adoption through a vote.	The 2018 business reports and financial statements were approved.
	2. Submission of 2018 earning distribution plan of this company for approval.	Proposals introduced by original board of directors recognized by adoption through a vote.	2018 earning distribution is as follows: cash dividends: a total of NT\$16,856,366,706 distributed (NT\$3.3 per share). Stock dividends: 357,559,293 shares (NT\$ 0.7 per share) Ex-dividend date : August 19 th 2019. Payment date of cash dividend: 2019/09/12.
	3. Submission of the plan of capitalization of retained earnings of this company for approval.	Proposals introduced by original board of directors adopted through a vote.	Already published the announcement on the MOPS and our corporate website on 2019/06/12.
	4. This company intends to amend some articles of the Charter and submitted for resolution.	Proposals introduced by original board of directors adopted through a vote.	Already published the announcement on the MOPS and our corporate website on 2019/06/12.
	5. This company intends to amend some articles of the Procedures for Aquisition or Dsposal of Assets and submitted for resolution.	Proposals introduced by original board of directors adopted through a vote.	Already published the announcement on the MOPS and our corporate website on 2019/06/12.
	6. This company intends to amend some articles of the Operational Procedures for Loaning Funds to Others and submitted for resolution.	Proposals introduced by original board of directors adopted through a vote.	Already published the announcement on the MOPS and our corporate website on 2019/06/12.
	7. This company intends to amend some articles of the Operational Procedures for Endorsements/ Guarantees and submitted for resolution.	Proposals introduced by original board of directors adopted through a vote.	Already published the announcement on the MOPS and our corporate website on 2019/06/12..

Major resolutions of the board meetings held in 2019 and as of the date of this annual report:

Major Resolutions of the Board Meetings		
Meeting Date	Subject	Resolution and result
2019/03/22	1. Submission of 2018 profit sharing plan for employees and board directors for approval.	(Proceedings: With the exception of the independent directors, made the resolution, and the remaining directors in attendance recused themselves from the proceedings). Except for the independent directors, all directors attending the meeting avoid any conflict of interest, and the meeting was held by independent director Yu-Cheng Chiao. The proposal was approved in the 6 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all independent directors attending the meeting without objections.
	2. Proportion of bonus to be distributed to directors for 2018 for approval (including the chairman and vice chairmen).	(Proceedings: With the exception of the independent directors, made the resolution, and the remaining directors in attendance recused themselves from the proceedings). Except for the independent directors, all directors attending the meeting should avoid any conflict of interest, and the meeting was held by independent director Yu-Cheng Chiao. The proposal was approved in the 6 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all independent directors attending the meeting without objections.
	3. Submission of determination of the Business Reports of this company for 2018 for approval.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	4. Submission of determination of parent's only financial statements and consolidated financial statements of this company for 2018 for approval.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	5. Submission of establishment of the 2018 earning distribution plan of this company for approval.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	6. Submission of determination of the plan of capitalization of retained earnings of this company for 2018 for approval.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	7. This company intends to amend some articles of the Ethical Management and Guidelines for Conduct and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	8. This company intends to amend some articles of the Article of Incorporation and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	9. This company intends to amend some articles of the Procedures for Acquisition or Disposal of Assets and submitted for resolution.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.

Major Resolutions of the Board Meetings

Meeting Date	Subject	Resolution and result
2019/03/22	10. This company intends to amend some articles of the Operational Procedures for Loaning Funds to Others and submitted for resolution.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	11. Submission of matters regarding the convening of the company's 2019 regular shareholders' meetings for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	12. Submission of the company's 2018 Internal Control System Statement for approval.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	13. Submission of assessment on the speciality, suitability and independence of certified public accountant, for enhanced corporate governance for approval.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	14. Submission of the appointment and compensation of the certified public accountant responsible for the company's financial statements for approval.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	15. Submission of plan for hiring and appointing of the company's chief corporate governance officer for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	16. Submission of establishment of the company's Standard Operational Protocol for Responding to Requests from Directors for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	17. This company intends to amend some articles of the Guidelines for the Company's Board Performance Evaluation and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	18. This company intends to amend some articles of the Corporate Governance Principles and submitted for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	19. This company intends to amend some articles of the Measures for Payment of Directors' Remuneration and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	20. Plan for selling the land occupied by Hai An Temple, Gushan District, Kaohsiung City for approval.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
21. This company intends to obtain financing from the below financial institutions and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.	

Major Resolutions of the Board Meetings

Meeting Date	Subject	Resolution and result
2019/03/22	22. Submission of provision of guarantee by endorsement to the company's investment enterprise, Taiwan Chemical Corporation for recognition.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	23. Submission of the adjustments in the guarantee by endorsement for financing purpose provided by the company to its associated enterprises for approval.	The proposal was approved in the 8 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	24. Submission of proposal on the chairman's remuneration for 2018 for approval.	This proposal was subject to the resolution of case 2, and no further discussion is needed.
	25. Submission of establishment of the plan for annual bonus and remuneration for the company's managers in 2018 for approval.	The proposal was approved in the 6 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	26. Submission of formulation of regulations on the administration of personnel stationed in Europe for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
2019/05/10	1. Submission of Heping Branch's participation in the waste co-processing in cement kilns in Hualien County, a project conducted by the private sector in the pattern of BOO (Build-Own-Operate), and the budget for the project for approval.	The proposal was approved in the 9 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	2. Submission of the plan for the 3 rd round transfer of treasury stocks to employees for approval.	The plan was approved by the 9 th meeting of the 2 nd Audit Committee and the 7 th meeting of the 4 th Compensation Committee.
	3. Submission of the plan for the changes in managerial personnel for approval.	The proposal was approved in the 7 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	4. This company intends to obtain financing from the below financial institutions and submitted for discussion.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	5. Submission of the company's plan for continuing to issue secured ordinary corporate bonds for approval.	The proposal was approved in the 9 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
2019/07/17	1. The Submission of establishment of relevant procedures for preferred share dividends, ordinary share cash dividends and new issue of shares due to capitalization of retained earnings for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.

Major Resolutions of the Board Meetings

Meeting Date	Subject	Resolution and result
2019/07/17	2. This company intends to amend some articles of the Regulations of Share Repurchase and Transfer to Employee and submitted for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	3. Submission of the amendments of some provisions of the company's "Organization Charter" and "Organization Structure" for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	4. Submission of the matters regarding the position of Chief Executive Officer (CEO) for approval.	(Resolution process: Chairman An-Ping Chang and managerial personnel withdrew from the meeting, vice chairman Kung-Yi Koo served as the acting chairman at the meeting) The proposal was approved in the 8 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections. Regarding CEO compensation, the Compensation Committee would submit the annual compensation plan to the board for review in the 4 th quarter based on the company's performance in the current year.
2019/08/13	1. Submission of the company's consolidated financial statements for the 2 nd quarter of 2019 for approval.	The proposal was approved in the 11 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	2. Submission of signing the "Share Exchange Agreement" established between its subsidiary company, Taiwan Cement Recyclable Energy Technology Co., Ltd. and E-One Moli Energy Corporation, under which Taiwan Cement Recyclable Energy Technology Co., Ltd. will issue Class A preferred shares in exchange for 100% of the shares issued by E-One Moli Energy Corporation in accordance with the "Business Mergers And Acquisitions Act" for approval.	The proposal was approved in the 11 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	3. Based on the long-term development plan, the company intended to invest additional NT\$ 340,200,000 in cash in Taiwan Cement Recyclable Energy Technology Co., Ltd. for approval.	The proposal was approved in the 11 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	4. This company intends to obtain financing from the below financial institutions and submitted for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	5. This company intends to amend some articles of the Ethical Management and Guidelines for Conduct and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	6. Submission of the plan for donating bagged and bulk cement to the Red Cross Society of the Republic of China (Red Cross) for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.

Major Resolutions of the Board Meetings

Meeting Date	Subject	Resolution and result
2019/09/10	To ensure its long-term development and secure its investment interests in E-One Moli Energy Corporation (E-One), the company intended to submit the proposal on share exchange transaction with E-One at the 1 st board meeting in 2019 for approval through voting for approval.	The proposal was approved in the 12 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
2019/11/12	1. Submission of the principles of the contract for Heping Branch's participation in the waste co-processing in cement kilns in Hualien County, a project conducted by the private sector in the pattern of BOO (Build-Own-Operate) for approval.	The proposal was approved in the 13 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	2. Submission of the plan for establishing the plant site for the first phase of the open ecological recycling plant "Taiwan Cement DAKA" and the associated budgets for approval.	The proposal was approved in the 13 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	3. Plan for additional investment in Taiwan Cement Green Energy Co., Ltd. (Green Energy) for approval.	The proposal was approved in the 13 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	4. The company intended to acquire the land and equipment of the ready-mixed cement plant of Hansong Industrial Co., Ltd. which was located in Bade District, Taoyuan City, to stabilize its sales deployment and submitted for approval.	The proposal was approved in the 13 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	5. Submission of the plan for establishment of TCC's specialized concrete laboratory and associated budgets for approval.	The proposal was approved in the 13 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	6. Submission of preparation for the company's annual operating budgets for 2020 of this company for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	7. Submission of preparation for the company's capital expenditure budget for 2020 for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	8. Submission of optimization of fund utilization and investment efficiency of the group for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	9. This company intends to obtain financing from the below financial institutions and submitted for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.

Major Resolutions of the Board Meetings

Meeting Date	Subject	Resolution and result
2019/11/12	10. Submission of the plan for the 3 rd round transfer of treasury stocks to employees for approval.	(Proceedings: the attending managers recused themselves from the meeting for subject 10 to subject 13) The number of shares expected to be subscribed was revised to 3,672 in accordance with the resolution of the 9 th meeting of the 4 th compensation committee.
	11. Submission of the total amount of performance bonus to be distributed for 2019 of this company for approval.	The proposal was approved in the 9 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	12. Submission of formulation of the 2020 employee salary adjustment plan for approval.	The proposal was approved in the 9 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	13. Submission of revision of the performance assessment system for approval.	In accordance with the resolution of the 9 th meeting of the 4 th Compensation Committee and the internal regulations, the chairman and president were authorized to revise the system according to the actual needs of the company. Revisions need to be reported to the board of directors for discussion only when it is necessary to do so.
	14. Submission of compiling the company's 2020 audit plan for approval.	The Proposal was approved in the 13 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
2020/01/09	1. Submission of formulation of the coping strategies for financial losses undergone by Taiwan Prosperity Chemical Corporation (Taiwan Prosperity), an investment enterprise of the company for approval.	The proposal was approved in the 14 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	2. Submission of determination of the CEO compensation for approval.	(Proceedings: Chairman An-Ping Chang and managerial personnel recused themselves from the meeting, Director Por-Yuan Wang served as the acting chairman at the meeting) The proposal was approved in the 10 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	3. Submission of the amendments of some provisions of the company's "Regulations Governing Transfer of Repurchased Shares to Employees" for approval.	The proposal was approved in the 10 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.

Major Resolutions of the Board Meetings

Meeting Date	Subject	Resolution and result
2020/02/27	The company intended to issue secured ordinary corporate bonds with a total amount not exceeding NT\$30 billion for approval.	The proposal was approved in the 15 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
2020/03/20	1. Submission of 2019 profit sharing plan for employees and board directors of this company for approval.	(Proceedings: the independent directors made the resolution, the remaining attending directors in attendance recused themselves from the meeting). Except for the independent directors, all directors attending the meeting should avoid any conflict of interest, and the meeting was held by independent director Yu-Cheng Chiao. The proposal was approved in the 11 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all independent directors attending the meeting without objections.
	2. Submission of determination of the proportions of profit distributed to chairman and board directors' for 2019 for approval.	(Proceedings: the independent directors made the resolution, the remaining attending directors in attendance recused themselves from the meeting). Except for the independent directors, all directors attending the meeting should avoid any conflict of interest, and the meeting was held by independent director Yu-Cheng Chiao. The proposal was approved in the 11 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all independent directors attending the meeting without objections.
	3. Submission of the 2019 business reports and financial statements of this company for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	4. Submission of determination of parent's only financial statements and consolidated financial statements of this company for 2019 for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	5. Submission of 2019 earning distribution plan of this company for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	6. Submission of the plan of capitalization of retained earnings of this company for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.

Major Resolutions of the Board Meetings

Meeting Date	Subject	Resolution and result
2020/03/20	7. Appointment of accountant of this company is submitted for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	8. Appointment of accountants and assessment on the speciality, suitability and independence of certified public accountant of this company is submitted for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	9. Rework the company's annual operating budgets for 2020 for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	10. In line with the group's global business deployment, the company intended to invest in Jiande, Hangzhou and establish a new enterprise through Taiwan Cement (Guigang) Co., Ltd. as an investment outside Taiwan for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	11. The company intended to develop its land in Chutung (Lot 4 and Lot 5 in the section belonging to Taiwan Cement) with a total area of 3,056.3 Taiwanese Ping in the form of joint construction and separate sale for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	12. Submission of the plan for the 4 th round transfer of treasury stocks to employees for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	13. This company intends to obtain financing from the below financial institutions and submitted for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	14. This company intends to amend some articles of the Rules of Procedure for Board of Directors Meetings and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	15. This company intended to amend some articles of the Article of Incorporation and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	16. This company intends to amend some articles of the Rules of Procedure for Shareholders Meetings and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	17. This company intends to amend some articles of the Audit Committee Charter and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	18. This company intends to amend some articles of the Compensation Committee Charter and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	19. This company intends to amend some articles of the Guidelines for the Company's Board Performance Evaluation and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
20. This company intends to amend some articles of the Corporate Governance Principles and submitted for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.	

Major Resolutions of the Board Meetings

Meeting Date	Subject	Resolution and result
2020/03/20	21. This company intends to amend some articles of the Corporate Social Responsibility Best Practice Principles and submitted for resolution.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	22. Submission of matters regarding the convening of the company's 2020 regular shareholders' meetings for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	23. Submission of the company's 2019 Internal Control System Statement for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	24. The company intended to donate to the "Taiwan Precision Medicine Initiative" and submitted for approval.	After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	25. Submission of establishment of the plan for annual bonus and remuneration for the company's managers in 2019 for approval.	(Resolution process: Director Kung-Yi Goo and the attending managers recused themselves from the meeting.) The proposal was approved in the 11 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	26. Submission of the plan for the changes in managerial personnel for approval.	The proposal was approved in the 11 th Round Compensation Committee at the 4 th meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.
	27. Submission of the plan to establish a Risk Management Team and appoint a convener within the company's Audit Committee for approval.	The proposal was approved in the 16 th Round Audit Committee at the 2 nd meeting. After the chairman held the consultation, it was approved by all directors attending the meeting without objections.

3.3.12 Contents of the objections for the records or with written statements of directors or supervisors to important BOD resolutions in the previous year and by the date of report publication:NA.

3.3.13 Resignation or relief related personnel in relation to the financial statements in the previous year and by the date of report publication:NA.

3.3.14 Acquisition of licenses and certificates designated by competent authorities by personnel in relation to financial transparency.

1. Certified Internal Auditor (CIA): Two staff from the audit department.
2. Qualified Internal Auditor (QIA): One staff member from the audit department.
3. Certified Public Accountant (CPA): Three staff from the financial department.

3.4 Information of CPA audit fee

CPA Firm	Name of CPA		Audit Period	Note
Deloitte Taiwan	Ya-Ling Wong	Chih-Ming Shao	January 1, 2019 to December 31, 2019	

(expressed in NT\$ thousand)

Increment	Public Fee Items	Audit Fee	Non-Audit Fee	Total
1	Below 2,000			
2	2,000 (inclusive)-4,000			
3	4,000 (inclusive)-6,000			
4	6,000 (inclusive)-8,000			
5	8,000 (inclusive)-10,000		✓	
6	Above 10,000 (inclusive)	✓		✓

3.4.1 Amount of non-audit fees paid to a CPA, a CPA firm, and its affiliates above a quarter of the audit fee:

(expressed in NT\$ thousand)

CPA Firm	Name of CPA	Audit Fee	Non-Audit Fee					Audit Period	Remark
			System Design	Business Registration	Human Resources	Others	Subtotal		
Deloitte Taiwan	Ya-Ling Wong Chih-Ming Shao	24,425	-	-	-	8,269	8,269	January 1, 2019 to December 31, 2019	Other taxes under non-audit fees and fees such as consulting service fee NT\$8,269,000

3.4.2. The audit fee of the year is less than that of the previous years after changing CPA firm: NA.

3.4.3. The audit fee is less than that of the previous year by over 10%: NA.

3.5 Replacement of certified public accountants:

3.5.1 Information of former CPAs:

Date of Change	Approved by Board of Directors on March 20, 2020		
Reasons and Explanation of Changes	In compliance with regulatory requirements on rotation, the Company changed the accountants Ya-Ling Wong and Chih-Ming Shao to Chih-Ming Shao and Hui-Min Huang starting from the first quarter of 2020.		
State whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Status	Client	Consignor
	Appointment terminated automatically		Not available
	Appointment rejected (discontinued)		Not available
The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for Said Opinions	None		
Is there any disagreement in opinion with the issuer	YES		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	NO	✓	
	Explanation		
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4-7 of the Standards)	NONE		

3.5.2 Information of succeeding CPAs:

Accounting Firm	Deloitte Taiwan
CPA	Chih-Ming Shao and Hui-Min Huang
Date of Engagement	Approved by Board of Directors on March 20, 2020
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

3.5.3 Former CPA's reply to sub-paragraph 1 and sub-paragraph 2-3, paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

3.6 The chairman, president and/or managerial officers in charge of finance or accounting served at the firm(s) or affiliate(s) of the auditing CPAs in the preceding year: None.

3.7 Changes in the transfer or pledge of shares by directors, managers, and shareholders holding over 10% of the outstanding shares in the preceding year and by the date of report publication.

Title	Name	AY 2019		By April 11 of the year	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Chairman	Chai Hsin R.M.C. Corporation Representative: Chang An Ping	189,238	0	0	0
Director	C. F. Koo Foundation Representative: Li, Jong-Peir	478,062	0	0	0
Director	Tai Ho Farming Co., Ltd. Representative: Koo, Kung-Yi	377,060	0	0	0
Director	Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason Chia Hsin Cement Corporation Representative: Chen Chi-Te	13,593,312	0	0	0
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	736,852	0	0	0
Director	Hsin He Investment Co., Ltd. Representative: Chi-wen Chang	1,126,314	0	0	0
Director	Sishan Investment Co., Ltd. Representative: Lin Nan-Chou	580,372	0	0	0
Director	International CSRC Investment Holdings Co., Ltd. Representative: Kenneth C.M. Lo	6,460,914	0	0	0
Director	Chung Cheng Development & Investment Co., Ltd. Representative: Yu Tzun-Yen	1,750,581	0	0	0
Director	Fu Pin Investment Co., Ltd. Representative: Wang Por-Yuan Fu Pin Investment Co., Ltd. Representative: Hsieh Chi-Chia	4,834,508	0	0	0
Director	Heng Qiang Investment Co., Ltd. Representative: Chien, Wen Heng Qiang Investment Co., Ltd. Representative: Chih-Chung, Tsai	6,379,311	0	0	0
Director	Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu	92,914,409 (excluding the non-transfer shares held by others)	20,000,000	0	0
Independent Director	Yu-Cheng Chiao	0	0	0	0
Independent Director	Victor Wang	0	0	0	0
Independent Director	Sheng Chin Jen	0	0	2,000	0

Title	Name	AY 2019		By April 11 of the year	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Independent Director	Lynette Ling-Tai, Chou	1 (16)	0	0	0
CEO	Chang An Ping (Inaugurated on 2019/7/17)	12,074	0	0	0
President	Li, Jong-Peir	399,076	0	0	0
Senior VP	Huang Chien-Chiang	196,142	0	0	0
Senior VP	Ker-Fu Lu	166,178 (288,000)	0	0 (9,000)	0
VP	Bao-Luo Ge	93,247	0	0	0
VP concurrently serving as Head of Legal and Corporate Governance	Li-Wen Tsai	170,331 (10,000)	0	0	0
Senior AVP	Feng-Ping Liu	58,784	0	0	0
Senior AVP	Chien-Chuan Wang	86,480	0	0	0
Senior AVP	Lin-Tian Huang	53,543 (90,000)	0	0 (10,000)	0
Senior AVP	Yu-Jun Yeh	77,010	0	0	0
AVP and Accounting chief officer	Guo-Hong Yeh	57,010	0	0	0
AVP	Wei-Jue Hong	62,814	0	0	0
AVP	Jin-Lung Yu	64,379	0	0	0
AVP	Koo, Kung-Yi	285,054	0	0	0
AVP	Cen-Wei Lan	59,045	0	0	0
AVP	Jia-Ro Lai (Inaugurated on 2019/4/23)	64,907 (19,000)	0	0 (3,000)	0
AVP	Kuang Si Chen (Inaugurated on 2019/4/23)	54,907	0	0	0

Title	Name	AY 2019		By April 11 of the year	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
AVP	Yuo-Xin Song	57,858	0	0	0
Senior Manager and Chief auditor	Xiao-En Tseng	61,434	0	0	0
Senior Manager	Chia-Pei Wei	70,393 (9,000)	0	0	0
Senior Manager	Ming-De Li	57,010 (7,000)	0	0 (70,000)	0
Senior Manager	Cheng-Dao Qiang	57,851	0	0 (40,000)	0
Senior Manager	Yun-De Wu	65,011 (11,000)	0	0	0
Manager	Zhi-Ren Liu	45,692	0	0	0
Manager	Jin-Yi Chen	45,609	0	0	0
Manager	Zhi-Chun Lai	57,010	0	0	0
Senior Assistant Manager	Chong-Zhi Hong	45,609	0	0	0
Senior Assistant Manager	Zhi-Feng Wu	19,934	0	0	0
Senior Assistant Manager	Li-Chi Hsiao (Inaugurated on 2020/1/31)	0	0	0	0
Senior Assistant Manager	Jao-Gui Lin	28,505	0	0	0
Senior AVP	Tse-Shen Tsa (Relieved on 2019/11/8)	0	0	0	0
Senior Manager	Yen-Hsi Chi (Relieved on 2019/1/31)	0	0	0	0
Senior Manager	Yu-Wen Qiu (Relieved on 2020/2/17)	57,010	0	0	0
Senior Assistant Manager	Bo-Jun Lin (Relieved on 2020/2/17)	0	0	0	0
Senior Assistant Manager	Zhi-Heng Peng (Relieved on 2020/1/31)	28,505	0	0	0

3.7.1 The person to whom shares are transferred or pledged is a related party: NA.

3.8 Mutual relationships among top ten shareholders

Name	Personal shareholdings spouse and minor children		Shareholdings of spouse/underage children		Shareholdings in the name of a third party		Company Name/Name of related parties, spouse, or relatives in the 2 nd degree to top ten shareholders		Note
	Quantity	Proportion Percentage	Quantity	Proportion Percentage	Quantity	Proportion Percentage	Name	Relationship	
Chinatrust Investment Co., Ltd. Representative: Tian-Yi Huo	230,523,166	4.22	-	-	NA	NA	Heng Qiang Investment Co., Ltd. Qiao-Tai Investment Co., Ltd.	Also the Chairman of Heng Qiang Investment Co., Ltd. and Qiao-Tai Investment Co., Ltd.	
							International CSRC Investment Holdings Co., Ltd. Heng Qiang Investment Co., Ltd.	Director of the company	
	23,108,417	0.42	-	-	NA	NA	Heng Qiang Investment Co., Ltd. Qiao-Tai Investment Co., Ltd.	Also the Chairman of Heng Qiang Investment Co., Ltd. and Qiao-Tai Investment Co., Ltd.	
Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason	207,482,018	3.80	-	-	NA	NA	Chia Hsin International Co., Ltd.	Also the Chairman of Chia Hsin International Co., Ltd.	
							Chia Hsin International Co., Ltd.	Director of the company	
	-	-	229,003	0.00	NA	NA	Chia Hsin International Co., Ltd.	Also the Chairman of Chia Hsin International Co., Ltd.	
China Life Insurance Co., Ltd. Representative: Yu-Ling Kuo	138,105,039	2.53	-	-	NA	NA	NA	NA	
	-	-	-	-	NA	NA	NA	NA	
Shin Kong Life Insurance Co., Ltd. Representative: Eugene Wu	134,583,263	2.46	-	-	NA	NA	NA	NA	
	-	-	-	-	NA	NA	NA	NA	
Taiwan Life Insurance Co., Ltd. Representative: Su-Kuo Huang	122,356,729	2.24	-	-	NA	NA	NA	NA	
	-	-	-	-	NA	NA	NA	NA	
Chia Hsin International Co., Ltd. Representative: Chang Kang-Lung, Jason	101,228,273	1.85	-	-	NA	NA	Chia Hsin Cement Corporation	Also the Chairman of Chia Hsin Cement Corporation	
							Chia Hsin Cement Corporation	Director of the company	
	-	-	229,003	0.00	NA	NA	Chia Hsin Cement Corporation	Also the Chairman of Chia Hsin Cement Corporation	
International CSRC Investment Holdings Co., Ltd. Representative: Koo, Kung-Yi	98,616,401	1.80	-	-	NA	NA	Chinatrust Investment Co., Ltd.	Director of the company	
	535,054	0.01	-	-	NA	NA	NA	NA	
Heng Qiang Investment Co., Ltd. Representative: Tian-Yi Huo	97,370,851	1.78	-	-	NA	NA	Chinatrust Investment Co., Ltd. Qiao-Tai Investment Co., Ltd.	Also the Chairman of Chinatrust Investment Co., Ltd. and Qiao-Tai Investment Co., Ltd.	
							Chinatrust Investment Co., Ltd.	Director of the company	
	23,108,417	0.42	-	-	NA	NA	Chinatrust Investment Co., Ltd. Qiao-Tai Investment Co., Ltd.	Also the Chairman of Chinatrust Investment Co., Ltd. and Qiao-Tai Investment Co., Ltd.	
							International CSRC Investment Holdings Co., Ltd. Chinatrust Investment Co., Ltd.	Director of the company	
Fubon Life Insurance Co., Ltd. Representative: Richard M. Tsai	91,232,788	1.67	-	-	NA	NA	NA	NA	
	-	-	-	-	NA	NA	NA	NA	
Qiao-Tai Investment Co., Ltd. Representative: Tian-Yi Huo	86,152,937	1.58	-	-	NA	NA	Heng Qiang Investment Co., Ltd. Qiao-Tai Investment Co., Ltd.	Also the Chairman of Heng Qiang Investment Co., Ltd. and Qiao-Tai Investment Co., Ltd.	
	23,108,417	0.42	-	-	NA	NA	NA	NA	

3.9 Syndicated Shareholdings

The stakes and the syndicated stakes in the same investee of the company; directors, supervisors, and managers of the company; and institutions under the company's direct or indirect control.

December 31, 2019 (expressed in shares and %)

Investment business	Shareholding of the Company		Shareholding of directors and supervisors, and managers or investees under direct or indirect control		Syndicated Shareholdings	
	Shares	Percentage	Shares	Percentage	Shares	Percentage
Taiwan Transport & Storage Co., Ltd.	32,668,031	83.85%	261,278	0.67%	32,929,309	84.52%
Taiwan Cement Engineering Corporation	59,593,414	99.05%	-	-%	59,593,414	99.05%
Kuan-HO Refractories Industry Corporation	18,105,000	95.29%	-	-%	18,105,000	95.29%
Hong Kong Cement Manufacturing Co., Ltd.	38,094	84.65%	-	-%	38,094	84.65%
Ta-Ho Maritime Corporation	130,514,385	64.79%	58,873,799	29.23%	189,388,184	94.02%
TCC Investment Co., Ltd.	107,355,000	100.00%	-	-%	107,355,000	100.00%
TCC Chemical Corporation	240,000,000	100.00%	-	-%	240,000,000	100.00%
TCC Information Systems Corporation	14,904,000	99.36%	-	-%	14,904,000	99.36%
Taiwan Prosperity Chemical Corporation	116,790,998	40.00%	7,353,001	2.52%	124,143,999	42.52%
Tung Chen Mineral Corporation Ltd.	19,890	99.45%	-	-%	19,890	99.45%
Jin Chang Minerals Co., Ltd.	1,800,000	100.00%	-	-%	1,800,000	100.00%
Hoping Industrial Port Corporation	319,990,000	100.00%	-	-%	319,990,000	100.00%
TCC International Ltd.	1,100,875,900	100.00%	-	-%	1,100,875,900	100.00%
Ho-Ping Power Comoany	805,940,306	59.50%	6,772,608	0.50%	812,712,914	60.00%
HPC Power Services Corporation	6,000	60.00%	-	-%	6,000	60.00%
Synpac Ltd.	2,700,000	25.00%	8,100,000	75.00%	10,800,000	100.00%
CCC USA Corp.	79,166	33.33%	158,334	66.67%	237,500	100.00%
Feng Sheng Enterprise Co., Ltd.	27,260,611	45.43%	-	-%	27,260,611	45.43%
E.G.C. Cement Corporation	8,062,600	50.64%	7,587,400	49.36%	15,650,000	100.00%
Onyx Ta-Ho Environmental Services Co., Ltd.	30,176,000	50.00%	-	-%	30,176,000	50.00%
Ta-Ho RSEA Environment Co., Ltd.	66,600,000	66.60%	-	-%	66,600,000	66.60%
TCC Green Energy Corporation	320,898,696	100.00%	-	-%	320,898,696	100.00%
Ho Sheng Mining Co., Ltd.	30,100,000	100.00%	-	-%	30,100,000	100.00%
TCC International Holdings Ltd.	2,581,832,362	38.28%	4,163,097,279	61.72%	6,744,929,641	100.00%
Taicorn Minerals Corp.(Note 2)	119,997	72.70%	-	-%	119,997	72.70%
Trans Philippines Mineral Corp.	19,996	40.00%	-	-%	19,996	40.00%
TCCMOLI Holdings (Singapore) Pte. Ltd.	30,000	100.00%	-	-%	30,000	100.00%
TCC Recycle Energy Technology	117,363,506	18.19%	473,971,658	73.48%	591,335,164	91.67%
International CSRC Investment Holdings Co., Ltd.	153,476,855	15.59%	130,377,367	4.56%	283,854,222	20.15%
Taiwan Cement(Dutch) Holdings B.V.	831,431	100.00%	-	-%	831,431	100.00%

Note 1: Investments made by the company with the equity method.

Note 2: The shareholding percentage of Taicorn Minerals Corporation is calculated based on its contribution.

Capital Raising

4.1 Capital and shares

4.1.1 Equity sources

By April 11, 2020 book closure date for AGM (expressed in shares)

Type of Share	Authorized Capital				
	Shares circulated on the market			Unissued Share	Total
	Issued*	Unissued	Total		
Registered common stock	5,465,619,204	-	5,465,619,204	1,334,380,796	6,800,000,000
Preferred stocks	200,000,000	-	200,000,000	-	200,000,000

* Including treasury stocks, see 4.9 for details.

Capital Formation:

By April 11, 2020 book closure date for AGM (expressed in shares)

Year Month	Issued price (NT\$)	Authorized Capital		Paid-in Capital		Remarks				
		Shares	Amount	Shares	Amount	Equity sources			Substitution of capital stock with assets other than cash	Others
						Capitalization of retained earnings	Capitalization of capital reserves	Cash capital increase		
1995/08	10	1,650,000,000	16,500,000,000	1,280,787,200	12,807,872,000	1,372,272,000	-	-	NA	NA
1996/08	10	1,650,000,000	16,500,000,000	1,408,865,920	14,088,659,200	896,551,040	384,236,160	-	NA	NA
1997/10	10	1,650,000,000	16,500,000,000	1,650,000,000	16,500,000,000	563,546,368	845,319,552	1,002,474,880 (Note 1)	NA	NA
1998/07	10	2,300,000,000	23,000,000,000	1,815,000,000	18,150,000,000	660,000,000	990,000,000	-	NA	NA
1999/09	10	2,300,000,000	23,000,000,000	2,196,500,000	21,965,000,000	363,000,000	1,452,000,000	2,000,000,000 (Note 2))	NA	NA
2000/08	10	2,550,000,000	25,500,000,000	2,372,220,000	23,722,200,000	1,098,250,000	658,950,000	-	NA	NA
2001/08	10	2,757,386,600	27,573,866,000	2,443,386,600	24,433,866,000	-	711,666,000	-	NA	NA
2001/09	25	2,757,386,600	27,573,866,000	2,607,386,600	26,073,866,000	-	-	1,640,000,000 (Note 3)	NA	NA
2002/08	10	2,757,386,600	27,573,866,000	2,656,254,332	26,562,543,320	-	488,677,320	-	NA	NA
2003/09	10	3,157,386,600	31,573,866,000	2,710,396,409	27,103,964,090	541,420,770	-	-	NA	NA
2004/09	10	3,507,386,600	35,073,866,000	2,809,764,407	28,097,644,070	993,679,980	-	-	NA	NA
2005/10	10	4,007,386,600	40,073,866,000	2,949,351,287	29,493,512,870	1,395,868,800	-	-	NA	NA
2006/04	10	4,007,386,600	40,073,866,000	2,991,886,496	29,918,864,960	-	-	-	NA	NT\$425,352,090 (Note 4)
2006/06	10	4,007,386,600	40,073,866,000	3,131,344,565	31,313,445,650	-	-	-	NA	NT\$1,394,580,690 (Note 4)
2006/09	10	4,007,386,600	40,073,866,000	3,181,438,776	31,814,387,760	-	-	-	NA	NT\$500,942,110 (Note 4)
2006/09	10	4,007,386,600	40,073,866,000	3,236,097,960	32,360,979,600	546,591,840	-	-	NA	NA

Year Month	Issued price (NT\$)	Authorized Capital		Paid-in Capital		Remarks				
		Shares	Amount	Shares	Amount	Equity sources			Substitution of capital stock with assets other than cash	Others
						Capitalization of retained earnings	Capitalization of capital reserves	Cash capital increase		
2006/10	10	4,007,386,600	40,073,866,000	3,072,097,960	30,720,979,600	-	-	-	NA	(NT\$1,640,000,000) (Note 5)
2007/01	10	4,007,386,600	40,073,866,000	3,141,612,870	31,416,128,700	-	-	-	NA	NT\$695,149,100 (Note 4)
2007/04	10	4,007,386,600	40,073,866,000	3,207,351,086	32,073,510,860	-	-	-	NA	NT\$657,382,160 (Note 4)
2007/08	10	4,007,386,600	40,073,866,000	3,248,637,197	32,486,371,970	412,861,110	-	-	NA	NA
2008/08	10	4,007,386,600	40,073,866,000	3,292,175,869	32,921,758,690	435,386,720	-	-	NA	NA
2010/12	27	4,007,386,600	40,073,866,000	3,692,175,869	36,921,758,690	-	-	4,000,000,000 (Note 6)	NA	NA
2011/06	10	6,000,000,000	60,000,000,000	3,692,175,869	36,921,758,690	-	-	-	NA	NA
2017/11	10	6,000,000,000	60,000,000,000	4,246,509,010	42,465,090,100	-	-	-	NA	NT\$ 5,543,331,410 (Note7)
2018/08	10	6,000,000,000	60,000,000,000	4,670,559,911	46,705,599,110	4,240,509,010	-	-	NA	NA
2018/09	10	6,000,000,000	60,000,000,000	5,108,059,911	51,080,599,110	-	-	4,375,000,000 (Note 8)	NA	NA
2019/01	10	6,000,000,000	60,000,000,000	5,308,059,911	53,080,599,110	-	-	2,000,000,000 (preferred shares) (Note 9)	NA	NA
2019/06	10	7,000,000,000	70,000,000,000	5,308,059,911	53,080,599,110	-	-	-	NA	NA
2019/09	10	7,000,000,000	70,000,000,000	5,665,619,204	56,656,192,040	3,575,592,930	-	-	NA	NA

1.Cash capital increase issuing price at NT\$36 was approved by the Securities and Futures Management Committee of the MOF with Letter Tai-Cai-Cheng-(1) No. 50087 dated 1997/7/7.

2.Cash capital increase issuing price at NT\$20 was approved by the Securities and Futures Management Committee of the MOF with Letter Tai-Cai-Cheng-(1) No. 29130 dated 1999/4/20.

3.It refers to the 164,000,000 preferred shares issued for a cash capital increase approved by the Securities and Futures Management Committee of the MOF with Letter Tai-Cai-Cheng-(1) No. 143691 dated 2001/7/31.

4.It refers to the exchange of the overseas unsecured convertible bonds with ordinary shares at a maximum amount approved by the Securities and Futures Management Committee of the MOF with Letter Tai-Cai-Cheng-(1)-Zi No. 0920162472 dated 2004/02/06.

5.Recovery of preferred shares after expiration for capital reduction.

6.It refers to a cash capital increase by issuing 400,000,000 ordinary shares approved by the FSC with Letter Jin-Guan-Zheng-Fa-Zi No. 0990059240 dated 2010/11/05.

7 A capital increase by issuing 554,333,141 new shares transferred to TCC International Holdings Limited approved by the FSC with Letter Jin-Guan-Zheng-Fa-Zi No. 1060041014 dated 2017/11/06.

8. Capital increase in cash by issuing 375,000,000 shares to 468,750,000 shares, and participation of issuance for Global Depository Receipt for 75,000,000 units to 93,750,000 units, totaling about USD 440,000,000 to USD 550,000,000; it was approved by the Financial Supervisory Commission with the Letter Jin-Guan-Zheng-Fa-Zhi No. 10703258531 dated 2018/7/25.

9. It refers to a cash capital increase by issuing 200,000,000 2nd preferred shares approved by the FSC with Letter Jin-Guan-Zheng-Fa-Zi No. 1070325853 dated 2018/7/25.

4.2 Structure of shareholdings

Common share capital

Base date: April 11, 2020 book closure date for AGM (expressed in shares)

Shareholder Structure	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign institutions and individuals	Treasury Stock	Total
Number of shareholders	41	173	1,369	214,240	1,345	1	217,169
Quantity of shareholdings	11,686,303	959,494,927	1,783,239,757	1,243,925,748	1,459,272,469	8,000,000	5,465,619,204
Proportion of shareholders (%)	0.21	17.56	32.62	22.76	26.70	0.15	100.00

Preferred share capital

Base date: April 11, 2020 book closure date for AGM (expressed in shares)

Shareholder Structure	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign institutions and individuals	Treasury Stock	Total
Number of shareholders	2	21	91	10,083	27	0	10,224
Quantity of shareholdings	6,494	104,088,840	87,430,954	8,239,286	234,426	0	200,000,000
Proportion of shareholders (%)	0.00	52.04	43.72	4.12	0.12	0.00	100.00

4.3 Diversification of shareholdings

Common share capital

Base date: April 11, 2020 book closure date for AGM

Ranking of Shareholdings	Number of Shareholders	Quantity of shareholdings	Proportion of shareholders (%)
1-999	87,995	17,194,749	0.31
1,000-5,000	88,355	184,113,309	3.37
5,001-10,000	18,331	129,186,745	2.36
10,001-15,000	7,803	93,679,673	1.71
15,001-20,000	3,435	60,174,037	1.10
20,001-30,000	3,861	93,313,642	1.71
30,001-40,000	1,806	62,349,843	1.14
40,001-50,000	1,076	48,474,437	0.89
50,001-100,000	2,046	139,680,489	2.56
100,001-200,000	1,132	153,967,676	2.82
200,001-400,000	542	151,423,936	2.77
400,001-600,000	185	91,225,307	1.67
600,001-800,000	122	84,095,962	1.54
800,001-1,000,000	75	66,407,005	1.21
1,000,001 and above	405	4,090,332,394	74.84
Total	217,169	5,465,619,204	100.00

Preferred share capital

Base date: April 11, 2020 book closure date for AGM

Ranking of Shareholdings	Number of Shareholders	Quantity of shareholdings	Proportion of shareholders (%)
1-999	7,686	941,160	0.47
1,000-5,000	2,344	2,965,198	1.48
5,001-10,000	73	527,152	0.26
10,001-15,000	26	300,316	0.15
15,001-20,000	15	263,145	0.13
20,001-30,000	12	290,981	0.15
30,001-40,000	5	183,209	0.09
40,001-50,000	5	231,313	0.12
50,001-100,000	21	1,711,862	0.86
100,001-200,000	8	1,206,303	0.60
200,001-400,000	6	1,870,300	0.94
400,001-600,000	2	1,200,000	0.60
600,001-800,000	3	2,162,130	1.08
800,001-1,000,000	2	1,837,737	0.92
1,000,001 and above	16	184,309,194	92.15
Total	10,224	200,000,000	100.00

4.4 List of major shareholders

Common share capital

Base date: April 11, 2020 book closure date for AGM

Shareholder	Shareholdings	Proportion (%)
CTCB Investments Co., Ltd.	230,523,166	4.22
Chia Hsin Cement Corporation	207,482,018	3.80
China Life Insurance Co., Ltd.	138,105,039	2.53
Shin Kong Life Insurance Co., Ltd.	134,583,263	2.46
Taiwan Life Insurance Co., Ltd.	122,356,729	2.24
Chia Hsin International Co., Ltd.	101,228,273	1.85
International CSRC Investment Holdings Co., Ltd.	98,616,401	1.80
Heng Qiang Investment Co., Ltd.	97,370,851	1.78
Fubon Life Assurance Co., Ltd.	91,232,788	1.67
Qiao Tai Investment Co., Ltd.	86,152,937	1.58

Preferred share capital

Base date: April 11, 2020 book closure date for AGM

Shareholder	Shareholdings	Proportion (%)
China Life Insurance Co., Ltd.	40,000,000	20.00
Nan Shan Life Insurance Company, Ltd.	30,000,000	15.00
Chunghwa Post Co., Ltd. labor pension fund management committee	22,533,000	11.27
Yuanta Commercial Bank.	20,059,000	10.03
New Labor Pension Scheme Fund	20,000,000	10.00
Yuanta Securities Co., Ltd.	19,515,797	9.76
Labor Insurance Fund	12,000,000	6.00
Yuanta Life Insurance Co., Ltd.	3,825,000	1.91
Union Insurance Company	2,785,000	1.39
Old Labor Pension Scheme Fund	2,320,000	1.16

4.5 Information on the market price, net value, earning dividends, others per share

(expressed in NT\$/thousand shares)

Item	Year		2018	2019	By April 30, 2020
Market price per share ¹	Highest		47.30	46.60	45.00
	Lowest		32.70	34.90	33.35
	Average		39.26	41.02	41.23
Net value per share ²	Before allocation		34.20	34.23	NA
	After allocation		29.06	NA	NA
EPS	Weighted average of shares		5,188,788	5,461,212	NA
	EPS	Before Adjustment	4.37	4.43	NA
		After Adjustment ³	4.08		NA
Dividend per share	Cash dividend		3.30	2.50	NA
	Stock grants	From retained earnings	0.7	0.5	NA
		From capital reserve	-	-	NA
	Accumulated unpaid dividends ⁴		-	-	NA
Analysis on ROI	P/E ratio ⁵	Before Adjustment	8.98	9.26	NA
		After Adjustment	9.62		NA
	P/P ratio ⁶		11.90	16.41	NA
	Cash dividend yield ⁷		0.08	0.06	NA

*After a capital increase or stock grant with retained earnings or capital reserve, disclose information regarding the reversely adjusted market price and cash dividends based on the number of shares granted.

1. Disclose the highest and lowest market prices of ordinary shares in each year and calculate the average market price based on the transaction value and transaction volume in each year.
2. Disclose information based on the outstanding shares by the end of the year and the distribution plan approved by the AGM of shareholders in the next year.
3. When reverse adjustment is required for stock grants, disclose the EPS before and after the adjustment.
4. When the accumulation of undistributed dividends of the year until the year when there is profit for distribution is a condition for the issue of equity securities, disclose the undistributed dividends by the year of report publication.
5. P/E Ratio = Average closing price per share over the year / earnings per share.
6. Price/Dividend Ratio = Average closing price per share over the year / cash dividend per share.
7. Cash Dividend Yield = Cash Dividend per Share / Average closing price per share over the year.

4.6 Dividend policy and implementation

(1) Dividend policy

Each accounting year after the annual closing of books, after paying taxes and deducting accumulative deficits from the net profit, this Company first appropriates 10% of the balance as the statutory reserve. If the accumulative statutory reserve has reached the amount of the paid-in capital, this Company may discontinue appropriations. If there is still a balance, it shall be combined with the unappropriated retained earnings. This Company may appropriate or revert the balance to special reserves as per related laws and regulations where necessary. Or, this Company may distribute dividends for common stocks with the balance after considering the retained earnings and distributing the dividends for the preferred shares pursuant to Article 5-1 of the Company Charter. BOD shall draw up the proposal of profit distribution and submit the proposal to the AGM.

As per the articles of incorporation of this Company, apart from engaging in capital-intensive, rather mature and steady cement and cement product manufacturing industry, this Company shall ensure business diversification. In response to the investments required by business diversification or important capital budget planning, the rate of cash dividends for common stocks is set at a minimum of 20%, and the rest will be distributed in stock dividends.

(2) Profit distribution

The 2019 profit distribution proposal was approved at the 16th Meeting of the 23rd BOD on March 20, 2020 as shown below. The dividends for the preferred shares are NT\$350,000,000; the cash dividend for the common shares is NT\$2.5 per share and stock dividend is NT\$0.5 per share. This proposal will be implemented after approval by the AGM on June 9, 2020.

(expressed in NT\$)

Cash dividend for preferred stocks: about 1.75/share	350,000,000
Cash dividend for common stocks: 2.5/share	13,644,048,010
Stock dividend for common stocks: 0.5/share	2,728,809,600

4.7 Impacts of the stock grants proposed by the current AGM of shareholder on the company's operations and EPS

The Company did not disclose the financial forecasts for 2020, this clause is not applicable.

4.8 Rewards for employees and directors

4.8.1 The percentage or range of rewards for employees and directors in the Charter

Should there be profit in a year, this Company shall appropriate:

- (1) Rewards for employees: 0.1 per mille to 3 percent.
- (2) Reward for directors: Not more than 1 percent

When there are accumulative deficits, this Company shall retain the amount to cover the deficits before appropriating rewards for employees and directors as specified in sub-paragraphs 1 and 2 in the preceding paragraph.

The reward for employees, including employees of affiliates fulfilling related requirements, may be distributed in stock or in cash.

4.8.2 The basis for estimating the cash rewards for employees and directors of the period, as well as the basis for calculating rewards for employees in stock/ the accounting procedure in cases when the actual allocated amounts are at variance with the estimated amounts:

If the basis for estimating cash rewards for employees and directors of TCC for 2019, as well as the basis for calculating the number of shares as rewards for employees are at variance with the actual amounts, they will be adjusted and registered in the next accounting year.

4.8.3 Information on the proposal on reward distribution passed by BOD

(1) The amount of rewards for employees and directors distributed in cash or in stock. Should there be a difference from the estimated amount of the expense recognized for the year, disclose the difference, its cause(s) and solutions: The amounts of rewards for employees and directors passed by the BOD on March 20, 2020 are NT\$86,409,490 and NT\$245,432,067, respectively. The amount of rewards for employees and directors in 2019 is the same as estimated in the accounting books.

(2) The proportion of amount equivalent to the stock distributed as rewards for employees in the earnings after tax in the individual or consolidated financial statement of the period and the total amount of compensation for employees: As no reward was distributed in stock, this clause is not applicable.

4.8.4 When there is a difference in the actual status of reward (including number of shares, amount, and stock price) distributed to employees, directors, and supervisors in the previous year, state the amount, causes, and settlement of such difference: NA.

4.9 Status of stock buyback:

(1) Repurchases already completed

Number (installment) of buybacks	Third time (installment)
Purpose of buyback	Transfer to employees
Buyback period	2019/05/13 ~ 2019/07/12
Buyback price range (NT\$)	29.75 ~ 63.62
Types and number of shares bought	8,000,000 ordinary shares
Amount of buyback (NT\$)	348,959,120
Ratio of the number of shares that were repurchased to the planned number of shares to be repurchased (%)	80%
Number of shares transferred	-
Accumulative shares not yet transferred	8,000,000
Proportion of accumulative shareholdings of the total issued shares (%)	0.15%

Note: Data until report publication on April 30, 2020.

(2) Any repurchase still in progress

Number (installment) of buybacks	Fourth time (installment)
Purpose of buyback	Transfer to employees
Type of shares to be repurchased	ordinary shares
Ceiling on the total amount of repurchase (NT\$)	82,253,560,000
Planned period for the repurchase	2020/03/23~2020/05/22
Number of shares to be repurchased (shares)	8,000,000
Buyback price range (NT\$)	25.90~61.95
Types and number of shares bought	-
Amount of buyback (NT\$)	-
Ratio of the number of shares that were repurchased to the planned number of shares to be repurchased (%)	-

Note: Data until report publication on April 30, 2020.

4.10 Status of corporate bonds:

4.10.1 Information on corporate bonds:

(expressed in NT\$)

Item	Type	2018 First Unsecured Corporate Bond	2019 First Unsecured Corporate Bond
Issuance (Process) Date		June 21, 2018	June 14, 2019
Face value		NT\$1,000,000	NT\$1,000,000
Location of Issuance and Exchange		NA	NA
Price of Issuance		NT\$100 per share (fully issued according to face value)	NT\$100 per share (fully issued according to face value)
Total Amount		NT\$12,000,000,000	NT\$12,600,000,000
Rate		Fixed annual rate of 1.7%	Fixed annual rate of 0.85%
Term		Fifteen years Maturity Date: June 21, 2033	Five years Maturity Date: June 14, 2024
Guarantor		NA	NA
Trustee		CTBC Bank	CTBC Bank
Underwriter		HSBC Bank (Taiwan) Company Limited	HSBC Bank (Taiwan) Company Limited
Appointed Attorney of Law		Hui-Chi Kuo	Hui-Chi Kuo
Appointed CPAs		Ya-Ling Won and Chih-Ming Shao	Ya-Ling Won and Chih-Ming Shao
Repayment Method		On due date, the bonds will be redeemed in whole	On due date, the bonds will be redeemed in whole
Outstanding principal		NT\$12,000,000,000	NT\$12,600,000,000
Terms of redemption or early repayment		NA	NA
Restrictive terms		NA	NA
Name of the credit rating agency, date, and outcome of the rating of the corporate bond		Credit Rating Agency: Taiwan Ratings Corporation Rating subject: Taiwan Cement Corporation Credit Ratings: twA+ Date of rating: May 8, 2018	Credit Rating Agency: Taiwan Ratings Corporation Rating subject: Taiwan Cement Corporation Credit Ratings: twA+ Date of rating: April 25, 2019
Other Rights Attached	By the publication date of the annual report, the amount of the converted (exchanged or subscribed) common shares, GDR, or other negotiable securities	NA	NA
	Guidelines of issuance or conversion (exchange or subscription)	NA	NA
Guidelines of issuance or conversion, exchange or subscription; the possible dilutions to equities by the issuance terms, effects on the rights and interests of the current shareholders		NA	NA
Delegated custodian of the underlying exchange		NA	NA

(expressed in NT\$)

Item	Type	2020 First Unsecured Corporate Bond
Issuance (Process) Date		April 15, 2020
Face value		NT\$1,000,000
Location of Issuance and Exchange		NA
Price of Issuance		NT\$100 per share (fully issued according to face value)
Total Amount		NT\$20,000,000,000 Tranche A: NT\$5,200,000,000 Tranche B: NT\$14,800,000,000
Rate		Tranche A: Fixed annual rate of 0.69% Tranche B: Fixed annual rate of 0.93%
Term		Tranche A: Seven years Maturity Date: April 15, 2027 Tranche B: Fifteen years Maturity Date: April 15, 2035
Guarantor		NA
Trustee		CTBC Bank
Underwriter		HSBC Bank (Taiwan) Company Limited
Appointed Attorney of Law		Hui-Chi Kuo
Appointed CPAs		Ya-Ling Won and Chih-Ming Shao
Repayment Method		On due date, the bonds will be redeemed in whole
Outstanding principal		NT\$20,000,000,000
Terms of redemption or early repayment		NA
Restrictive terms		NA
Name of the credit rating agency, date, and outcome of the rating of the corporate bond		Credit Rating Agency: Taiwan Ratings Corporation Rating subject: Taiwan Cement Corporation Credit Ratings: twA+ Date of rating: April 25, 2019
Other Rights Attached	By the publication date of the annual report, the amount of the converted (exchanged or subscribed) common shares, GDR, or other negotiable securities	NA
	Guidelines of issuance or conversion (exchange or subscription)	NA
Guidelines of issuance or conversion, exchange or subscription; the possible dilutions to equities by the issuance terms, effects on the rights and interests of the current shareholders		NA
Delegated custodian of the underlying exchange		NA

Note: The Company announced on February 27, 2020 the Board of Directors' resolution to issue unsecured corporate bonds with a total value not exceeding NT\$30 billion and the issuance may be at once or by installments. NT\$20 billion in unsecured corporate bonds were issued on April 15, 2020, the balance of outstanding not yet executed corporate bonds is NT\$10 billion until report publication on April 30, 2020.

(expressed in USD)

Item	Type	2018 First Overseas Unsecured Convertible Corporate Bond
Issuance (Process) Date		December 10, 2018
Face value		USD 200,000
Location of Issuance and Exchange		Singapore Exchange Limited
Price of Issuance		US\$100 per share (fully issued according to face value)
Total Amount		USD 400,000,000
Rate		0%
Term		Five years Maturity Date: December 10, 2023
Guarantor		NA
Trustee		CITI Bank
Underwriter		JP Morgan Securities plc
Appointed Attorney of Law		Hsin-lan Hsu
Appointed CPAs		Ya-Ling Won and Chih-Ming Shao
Repayment Method		Unless previously redeemed, repurchased and cancelled or converted, the Bonds will be redeemed at their principal amount with a yield calculated at the rate of 0.5% per annum on the Maturity Date.
Outstanding principal		USD 400,000,000
Terms for redemption or early repayment		<p>(a) From 2 years after the Issuance Date to the Maturity Date, the Issuer may redeem the Bonds in whole or in part, at the Early Redemption Amount, provided that the closing price of Issuer's Common Shares on TWSE (converted into USD by applying the prevailing exchange rate) for a total of 20 days out of 30 consecutive trading days is at least 130% of the amount which is equal to the Early Redemption Amount multiplying the then prevailing Conversion Price (converted into USD at the Fixed Exchange Rate), divided by the principal amount of the Bonds.</p> <p>(b) The Issuer may redeem all of the Bonds at the Early Redemption Amount in the event that more than 90% of the Bonds have been early redeemed, converted, repurchased or cancelled.</p> <p>(c) The Issuer may redeem all of the Bonds at the Early Redemption Amount in the event of changes in ROC taxation laws resulting in an increase of tax obligation, the necessity to pay additional interest expense, or increase of additional costs to the Issuer after the Issue Date. Bondholders may elect not to have their bonds redeemed but with no entitlement to any additional amounts or reimbursement of additional tax.</p>

(expressed in USD)

item		Type	2018 First Overseas Unsecured Convertible Corporate Bond
Restrictive terms			NA
Name of the credit rating agency, date, and outcome of the rating of the corporate bond			NA
Other Rights Attached	By the publication date of the annual report, the amount of the converted (exchanged or subscribed) common shares, GDR, or other negotiable securities		NA
	Guidelines of issuance or conversion (exchange or subscription)		<p>Unless previously redeemed, repurchased, or during the Closed Period (as defined below), the Bonds may be converted into the newly-issued Common Shares at any time starting from the next day immediately after three months from the Issue Date (not including the Issue Date) to the 10th day prior to the Maturity Date (the "Conversion Period"), based on the Bondholder's request in accordance with relevant laws and regulations and the Indenture. Under current ROC laws and regulations, the Closed Period is defined as follows:</p> <p>(a) The book closure period under the laws of the ROC, including the 60-day period prior to the date of the annual general shareholders' meeting of the Issuer, or the 30-day period prior to a special shareholders' meeting of the Issuer.</p> <p>(b) In the event of issuance of bonus shares, distribution of cash dividends or capital increase by cash, the period from the 15 trading days prior to the commencing day of the book closure period to the record date for determination of shareholders entitled to receive bonus shares or cash dividends or subscribe to new shares.</p> <p>(c) In the event of capital reduction of the Issuer, the period from the record date for capital reduction to the day one day prior to the trading day of the shares newly issued upon the capital reduction.</p> <p>(d) Other period for book closure pursuant to ROC laws and regulations and the Taiwan Stock Exchange ("TWSE") regulations and rules.</p> <p>(e) If there is any change in the future with respect to the relevant laws and regulations on Closed Period, the then updated laws and regulations shall apply.</p>
Guidelines of issuance or conversion, exchange or subscription; the possible dilutions to equities by the issuance terms, effects on the rights and interests of the current shareholders			<p>If all the Bonds were converted into Common Shares, the share dilution effect will be around 5.94%. Although the Bonds will increase the share capital and dilute the EPS, this offering in terms of financial structure could help increase equity fund, reduce debt ratio and strengthen the financial structure, which shall be beneficial to the future operations and development of the TCC Group.</p>
Delegated custodian of the underlying exchange			NA

4.10.2 Information of corporate bonds:

Type of Corporate Bond:		2018 First Overseas Unsecured Convertible Corporate Bond			
Item	Year	At the issuance	2018	2019	Up to April 30, 2020 (Note 1)
Market value for converting the corporate bonds	Highest	US\$101.083	US\$103.307	US\$127.453	US\$131.057
	Lowest	US\$101.083	US\$101.083	US\$102.622	US\$106.117
	Average	US\$101.083	US\$102.433	US\$113.723	US\$122.353
Price of conversion (NT\$/share)		NT\$41/share	NT\$41/share	NT\$35.49/Share	NT\$35.49/share
Issuance (process) date and Price of conversion at issuance		Issued on December 10, 2018 NT\$41/share			
Means of performing the obligation of conversion		Delivery of issued shares			

Note 1: Fill in the information of the current year up to the publication date of the annual report.

4.10.3 Information on corporate bonds: NA.

4.10.4 Aggregated report of issuance of corporate bonds: NA.

4.10.5 Information on corporate bonds with warrants: NA.

4.11 Status of preferred shares:

4.11.1 Information on preferred shares

Item	Issuance (Process) Date	December 13, 2018 (TCC B-Preferred)
Face value		NT\$10
Issued price		NT\$50 per share
Quantity		Total 200,000,000 shares
Total amount		NT\$10,000,000,000
Rights and Obligations	Distribution of Dividends and Bonus	<p>1. Dividends: 3.5% per annum (equal to the sum of 5-year IRS 0.9375%+2.5625%) The IRS rate will be reset every 5 year based on the average rate of PYTWDFIX and COSMOS3 at 11:00 am on the date which is two business days prior to the interest rate reset date. If no such rate can be obtained, the company will determine the rate based on reasonable market price with good faith.</p> <p>2. Dividend payout:</p> <p>(1) The dividends of preferred shares for the 2nd term will be distributed annually at one time in cash. Once the Company's Audited Financial Reports have been acknowledged and the earnings resolved in the annual general meeting of the shareholders, the Board shall be authorized to set the payment date for the distribution of the payable preferred share dividends for the previous year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the Preferred Shares remained outstanding in that year.</p> <p>(2) Any earnings concluded in a fiscal year shall first make up for losses of preceding years, right after statutory taxation and accounting adjustment. Any surpluses shall be allocated for statutory reserves. Any remainder, added to the aggregated undistributed surpluses, shall be distributed for special reserves in accordance with the provisions of laws and regulations or practical needs. If there is still a surplus, dividends of preferred shareholders may be distributed for a second time.</p> <p>(3) The company has discretion over the dividend distribution of 2nd Preferred Shares. The company may decide not to distribute dividends of preferred shares in the following circumstances: (a) there are no surpluses in a fiscal year, (b) the earnings are insufficient to distribute dividends of preferred shares. The cancellation of dividend payment, by resolution of the Company shall not constitute a breach of contract.</p> <p>(4) Dividends for 2nd Preferred Shares are noncumulative, and the preferred shareholders do not have the right to claim any of the unpaid or omitted dividends in the future.</p> <p>(5) 2nd Preferred shares are not entitled to cash or stock dividends derived from earnings or capital reserves.</p>
	Liquidation of the remaining properties	The order of claim for distribution of property is prior to ordinary shares, and the claim of all series of 2 nd Preferred Shareholders are equal. The repayment shall be capped at the respective issue amount of preferred shares upon liquidation.
	Exercising the voting rights	2 nd Preferred Shareholders are not entitled to voting rights and have no rights to vote on election of directors but are entitled to be elected as directors. Preferred shareholders have voting rights with respect to agendas that would affect the rights and obligations of 2 nd Preferred Shares in preferred shareholders' meetings and in general shareholders' meetings.
	Others	2 nd Preferred Shareholders have the same pre-emptive rights as common shareholders for newly issued shares.

Item		Issuance (Process) Date	December 13, 2018 (TCC B-Preferred)
Outstanding preferred shares		redeemed or converted amount	NT\$0
		Unredeemed or unconverted amount	NT\$10,000,000,000
		Terms of redemption or conversion	1. Cannot be converted to common shares and holders do not have the right to request the company to redeem preferred shares. 2. 2 nd Preferred Shares are perpetual but may be redeemed in whole or in part at issue price anytime after five years of issuance at the option of the Company. Unredeemed preferred shares shall continue to have the rights and obligations of issuance terms prescribed in this Article.
Market Price per share	2019	Highest	NT\$54.00
		Lowest	NT\$50.60
		Average	NT\$52.73
	The current year April 30, 2020 (Note 1)	Highest	NT\$54.20
		Lowest	NT\$52.80
		Average	NT\$53.75
Other Rights Attached	The converted or subscribed amount up to the publication date of the annual report		2 nd Preferred Shares Cannot be converted to common shares and holders do not have the right to request the company to redeem preferred shares.
	Guidelines of issuance, conversion, or subscription		NA
The effects on the holders of preferred shares, possible dilution of the equity, effects on the rights and interests of the current shareholders			NA

Note 1: Fill in the information of the current year up to the publication date of the annual report.

4.11.2 Information on preferred shares with warrants: NA

4.12 Status of global depository receipts (GDR):

Item	Issuance (Process) Date	August 3, 2018	
Locate of Issuance and Exchange		EuroMTF, Luxembourg Stock Exchange	
Total Issuance Amount		USD 548,625,000	
Issuance Price per Unit		USD 6.27 per unit	
Total Issued Units		87,500,000 units	
Source of the represented negotiable securities		The common shares from the cash capital increase	
Quantity of the represented negotiable securities		437,500,000 shares	
Rights and Obligations of the Holders of the GDR		Rights and obligations are identical to the common shares	
Trustee		NA	
Depository Institution		CITI Bank	
Custodian		First Commercial Bank	
Outstanding balance of unredeemed GDR (March 31, 2020)		0 units	
Distribution of the related expenses for issuance and during the duration		Borne by the Company	
Important agreed matters in the depository and custody agreements		Please refer to the depository and custody agreements	
Market Value per Share (Note1)	2019	Highest	US\$7.45
		Lowest	US\$5.69
		Average	US\$6.62
	The current year up to April 30, 2020 (Note 1)	Highest	US\$7.50
		Lowest	US\$5.55
		Average	US\$6.96

Note 1: Fill in the information of the current year up to the publication date of the annual report.

4.13 Status of employee stock options/warrants: NA.

4.14 Status of restricted stock awards (RSA): NA.

4.15 Status of acquisition or transfer of other newly issued shares from other companies: NA.

4.15.1 Comments of participating underwriters and the status of new share issuance relating to mergers, acquisitions, and transfer of shares in the previous quarter: NA.

4.15.2 Basic data of the transferee of shares: NA.

4.16 Capital utilization plan

1. Description of the plan and the execution:

(A) The placement and issuance of 2018 First Unsecured Corporate Bond:

1. Capital utilization plan: filling up the operating funds and investing in domestic or overseas companies.

2. Approved date and document no.: Dated June 12, 2018, Zheng-Guei-Zai-Zhi No. 10700148971

3. Amount needed for this plan: NT\$12,000,000,000.

4. Source of funds: issuing unsecured common corporate bonds for NT\$ 12,000,000,000.

5. Items of the plan and the executions:

(expressed in NT\$ thousands)

Items of the plan	The executions		As of March 31, 2020	Reason of being early or late and the improvement plan
Filling up the operating funds	Amount to be used	Estimated	5,000,000	Fully executed as the plan
		Actual execution	5,000,000	
	Progress of execution (%)	Estimated	100.00%	
		Actual execution	100.00%	
Investing in domestic or overseas companies.	Amount to be used	Estimated	7,000,000	The utilization of capital is lagging behind the original plan by NT\$3,900,000,000 mainly due to the funding requirements of the Company's reinvestments. The unused capital of NT\$3,900,000,000 will be implemented based on the capital utilization plan.
		Actual execution	3,100,000	
	Progress of execution (%)	Estimated	100.00%	
		Actual execution	44.28%	

(B) The placement and issuance of unsecured common corporate bonds in 2019:

1. Capital utilization plan: Filling up the operating funds and reinvesting in domestic or overseas business.

2. Approved date and document no.: Cheng-Kuei-Chai-Tzi No.10800053581 on June 4, 2019.

3. Amount needed for this plan: NT\$12,600,000,000.

4. Source of funds: Issuing unsecured common corporate bonds for NT\$12,600,000,000.

5. Items of the plan and the executions:

(expressed in NT\$ thousands)

Items of the plan	The executions		As of March 31, 2020	Reason of being early or late and the improvement plan
Repay loan	Amount to be used	Estimated	12,600,000	Fully executed as the plan
		Actual execution	12,600,000	
	Progress of execution (%)	Estimated	100.00%	
		Actual execution	100.00%	

2. Evaluation for Effects of Execution

(1) The placement and issuance of 2018 Unsecured Corporate Bond filled up the operating funds and the placement and issuance of 2019 Unsecured Corporate Bond repaid loan:

Item	2018 (Before execution)	2019 (After execution)	(Increase/decrease)
Current liquidity assets (expressed in NT\$ thousands)	110,380,695	118,145,990	7,765,295
Current liquidity liabilities (expressed in NT\$ thousands)	64,503,844	66,532,743	2,028,899
Total liabilities (expressed in NT\$ thousands)	146,705,662	159,020,518	12,314,856
Total equity (expressed in NT\$ thousands)	181,541,510	193,684,068	12,142,558
Interest expenses (expressed in NT\$ thousands)	2,460,302	2,199,118	(261,184)
EPS (NT\$)	4.08	4.43	0.35
Current liquidity ratio (%)	171.12	177.58	6.46
Long-term capital to property, plant and equipment ratio(%)	306.92	334.83	27.91

As demonstrated in the table above, the EPS in 2019 increased NT\$0.35 from 2018, the financial structure was also better than 2017, the outcome of executions is should be good.

(2) The placement and issuance of 2018 Unsecured Corporate Bond planned to invest in domestic or overseas companies:

Mainly for the investment of subsidiary company TCC Green Energy Corp., Ltd. some of the effects have been shown as the green energy plant capacity increased by 19.2 MW, of which photovoltaic increased by 12 MW, wind power increased by 7.2MW, but due to the delay in the development and construction of renewable energy power plants and investment plans, as a result of the delay in the time required for funds, the investment company was unable to achieve its expected operating conditions. From 2018 to 2020Q1, the gains and losses recognized for the company are as follows.

(expressed in NT\$ thousands)

2018	2019	The current year March 31, 2020
-50,285	-65,302	-6,680

Overview of Operations

5.1 Business activities

5.1.1 Scope of business

Sector	Proportion of operations
Cement	76.6%
Power Generation	11.8%
Chemical Engineering	8.4%
Others	3.2%
Total	100.0%

5.1.2 Industry overview:

5.1.2.1 Cement sector

Status and future development:

The cement industry has matured with stable demand. Regarding the capacity of clinker rotary kilns, as the mineral claims of western Taiwan expired in 1997, and capacities in western Taiwan were thus being suspended one after another, the current installed capacity is 20.24 million tons. Part of the capacity has been halted or the amount of production is being reduced. Based on the statistics of the Cement Manufacturer's Association, the members produced 11.27 million tons in 2019, and the domestic consumption for the whole year was 11.38 million tons, or 482kg per capita per year.

Looking into 2020, the economic growth in Europe and the US has been moderate. Though the emerging markets continue to grow, the uncertainties resulting from the US-China trade war and the impact of COVID-19 may affect China's economy and its growth may slow down. Taiwan is not immune from this impact. Exports will slow down and growth will be lower. Even though investments from ICT companies continue to grow, the property market and construction investments are still weak, therefore, the government's Forward-Looking Infrastructure Program will continue to be realized and executed in 2020. The overall market is expected to show flat growth in 2020.

Industry chain relationship:

Industries in relation to the cement industry include the quarry industry supplying limestone and clay, the mining industry supplying silica sand, the smelting and refining of the iron and steel industry supplying cinders and furnace slag, and the coal-fired power plants supplying fly ash and flue gas gypsum from the upstream. The supportive industries include electricity supply, gas fuel supply, railway transportation, trucking transportation, and fluid transportation. The downstream industries requiring cement supply include construction, ready mix concrete, cement products (such as concrete pipes, cement bricks, gypsum, asbestos pipes, and asbestos tiles), and other industries (such as the geological engineering of oil wells).

Product development trends and competitions:

Although type I common cement is the most consumed

type of cement, thanks to the continuous promotion of infrastructure projects in recent years, the demand for specialty cement has increased significantly. In addition, the constant increase in replacing cement with fly ash and powdered furnace slag since 1995 has brought impacts to a certain extent on cement demand.

5.1.2.2 Chemical engineering sector

Status and future development:

During 2012 to 2019, a total of 13 new phenol/acetone plants were established. Currently, the expansion trend has waned. Regarding downstream products, such as Cyclohexanone, Bis-phenol A, Polycarbonate, among other things, from 2017 to 2019, more capacity has been created and the annual consumption of phenol has been increased by 860,000 tonnes. The oversupplied phenol/acetone seen in recent years has been mitigated.

Although the oversupply eased in 2019, the trade barriers in the US-China trade war since 2018 have affected phenol/acetone-related products, resulting in poor liquidity, low demand and a corresponding decline in price. However, due to the global arbitrage phenomenon, the phenol/acetone-related industries were facing challenges in 2019.

Industry chain relationship:

(1) Complete industry chain with high interconnection Phenol is mainly supplied to petrochemical downstream industries to produce synthetic fibers, engineering plastics, industrial solvents, electromechanical products, construction materials, automotive materials, specialty chemicals, and pharmaceuticals. Propene and benzene from the petrochemical industry in the upstream are the main materials for phenol production. As the petrochemical industry in Taiwan has been systematically planned and developed with a complete industry covering the up-, mid-, and downstream, and products from each part of the industry can be ingredients or products of one another, and the industry is thus highly interconnected.

(2) Application diversity

Petrochemical products are widely used in industrial and consumer goods, in addition to materials for the mid- and down-stream industries which turn petrochemical intermediate materials into consumer goods in the downstream for eating, clothing, housing, and transportation through primary and secondary processing. In related industries, the plastics industry provides raw materials for producing construction materials, electromechanical products, automotive materials, entertainment equipment, and wires and cables. The synthetic fiber industry provides raw materials for clothing, agricultural and fishery implements, and tires. Solvents can be used in industries including food processing, food additives, printing ink, paints and coatings, and pesticides. And other applications include fertilizers, cleaning agents, pharmaceuticals, medical devices, OA equipment, bonding agents, containers, and so on.

(3) Interrelations between upstream materials and phenol products

Phenol products are made with propene and benzene obtained from naphtha cracking. After alkylation reactions, they become isopropylbenzene, from which phenol and acetone are produced by means of oxidation, cracking, separation, and purification. Then, the synthetization of phenol and acetone produces BPA. Through hydrogenation, phenol produces cyclohexanone products.

(4) Interrelations between phenol products and downstream industries

The application of phenol products is comprehensive. Domestically, isopropylbenzene is only used to produce crosslinking agents. Most phenol is used to produce phenol formaldehyde resin as the material for bonding agents and printed circuit boards (PCBs). Acetone is the main ingredient for producing MMA, the material for making acrylic. Acetone is also a solvent. BPA is used to produce epoxy, and PCB as well. It is also an ingredient of PC, a material. Cyclohexanone is mainly used to produce CPL and as a solvent.

Development trends of products:

Phenol: The global demand for phenol grew by 2.6%. The annual phenol demand in Asia is growing steadily with the drive of the BPA and PC demand. In global phenol demand, BPA is the highest, followed by phenol formaldehyde resin and CPL, etc.

Acetone: As a by-product of phenol, acetone supply is sufficient, given the worldwide rush to build new phenol plants. In the future, the market demand and the propane price will determine the acetone price. Acetone is mostly used to produce MMA (an acrylic ingredient) and BPA, and is also used in the solvent market.

BPA: The global growth grew by 3-4% annually and BPA is mainly used to produce PC and epoxy. Other applications include flame retardants, UPRs, polyacrylate, polyimide (PI), and polysulfone (PSF).

Cyclohexanone: It is the main ingredient of CPL and also used as a solvent. The impact of the emergence of the new craft production autolyse of cyclohexanone on the market remains to be observed.

Maleic anhydride: Apart from being an ingredient of UPRs, BDO, THF, and GBL, MA is also used to produce paints, lubricant additives, pesticides, tartaric acid, GBL, succinic acid, anhydride, tetra hydro-phthalic anhydride (THPA), and modified rosin. MA has a steady annual growth.

Product competitions:

Phenol: In addition to our chemical engineering sector, Formosa Chemicals & Fibre and the Chang Chun Group produce phenol, with a total production capacity of 1.1 million tons, hence supply has been greater than demand. The same situation is also found in Asia, for example Japan and South Korea, which mainly export excess production volume to China, India, and Southeast Asia. However, it is difficult to enter the Southeast Asian market which is dominated by Japanese suppliers. Furthermore, as the new

capacity in Mainland China enters the market, the supply is also greater than demand. As most phenol is consumed internally for producing BPA and cyclohexanone, and only a limited quantity is exported annually, we have greater flexibility.

Acetone: As the supply is greater than the demand, prices are subject to market demand. In response, we have hired domestic research institutions to develop acetone reuse, in order to consume the excessive acetone.

BPA: In addition to our chemical engineering sector, Nanya Plastics and the Chang Chun Group produce BPA, with a total production capacity of 800,000 tons, and the supply is greater than demand. The capacities in Asia, Japan, and South Korea are also greater than domestic demand, and the surplus is exported to China, India, Southeast Asia, and emerging markets.

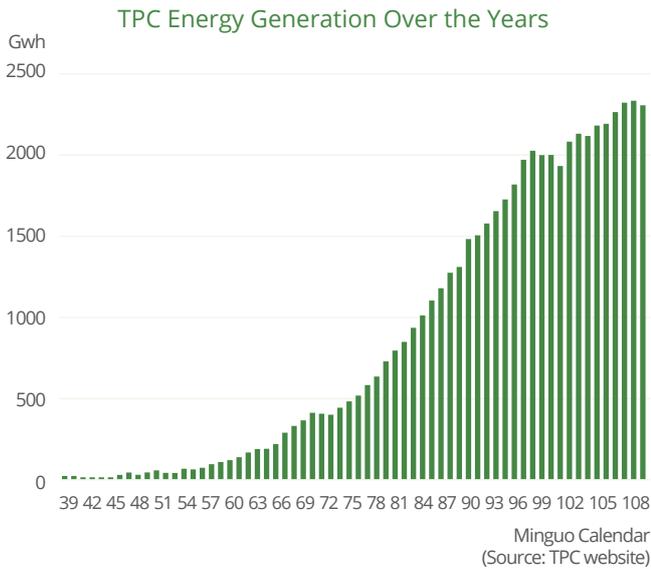
Cyclohexanone: Except for our chemical engineering sector, Sinopec Group also produces cyclohexanone. Mainland China suppliers are the main competitors of our cyclohexanone exports. Apart from producing CPL, cyclohexanone is mostly used as a solvent.

Maleic anhydride: Other than our chemical engineering sector, the domestic producers include Nanya and Hexing. Maleic anhydride is mainly used in the production of UPR, of which supply exceeds demand. With that, the Group's chemical sector continues to develop solvent applications in the electronics industry in order to mitigate the impact.

5.1.2.3 Electricity sector

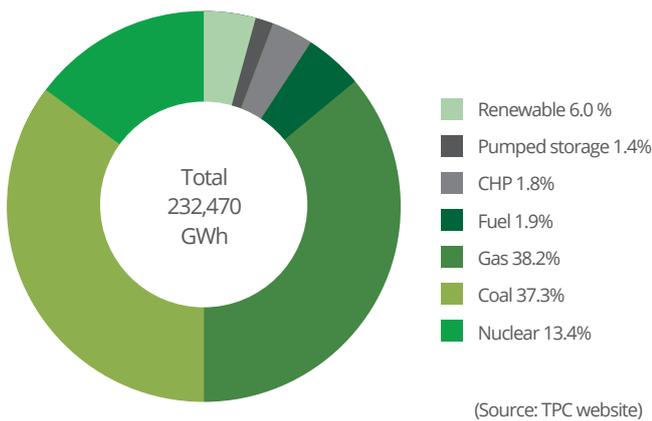
Status and future development:

Stable electricity supply and the sustainable development of the electricity industry are crucial to the daily life of people, industrial competitions, environmental protection, and national security. Although the government's monopoly of the electricity industry ended in 1995, and it has been 25 years since the liberalization of the electricity industry, no significant change has been seen in the overall structure of the electricity industry since 2009. As a state-owned business, Taiwan Power Company (TPC or Taipower) has monopolized Taiwan's integrated electricity market. Although TPC cultivates electricity sources based on its Long-Term Electricity Development to meet with national economic development, as the domestic economy began to thrive and electricity demand rose by leaps and bounds in 1989 (as shown in TPC Energy Generation Over the Years), the actual reserve margin in recent years (2014-2018) dropped rapidly to way below the government's current margin at 15% (as shown in the Percent Reserve Margin below). Particularly, curtailment by means of "outage in turns by region" was inevitable at times in the summer of 2017 when electricity demand escalated. This thus greatly affects the willingness of investments and long-term economic development. Fortunately, in 2019, after the introduction of large-scale generating sets such as Tongxiao New Combined Cycle No. 2, Linkou New Power Plant No. 3, and Dalin Power Plant No. 2, the actual reserve capacity has rebounded to more than the target value in 2019, which has significantly improved compared with the shortage of power supply in 2017.



The escalation of the global fossil fuel price since 2006 has brought severe impacts to the operational environment of the electricity industry. In the face of global warming, low-carbon economy, low-carbon energy, and low-carbon electricity will become the main targets of global development. With a lack of self-sufficient energy supply, to ensure the sustainable development of the electricity industry in the inevitable trend of GHG reduction, developing low-carbon electricity, promoting energy conservation, and enhancing electricity efficiency are natural trends. At this point, Taiwan's electricity market entered the "energy conservation and emissions reduction" period.

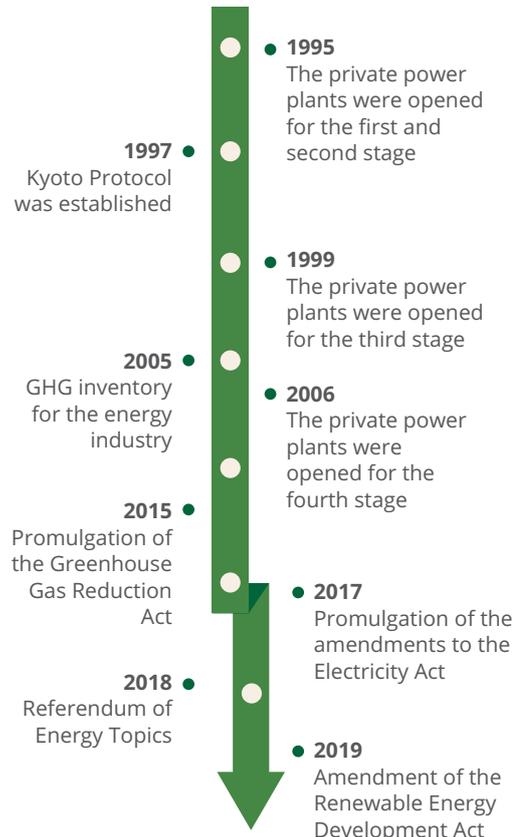
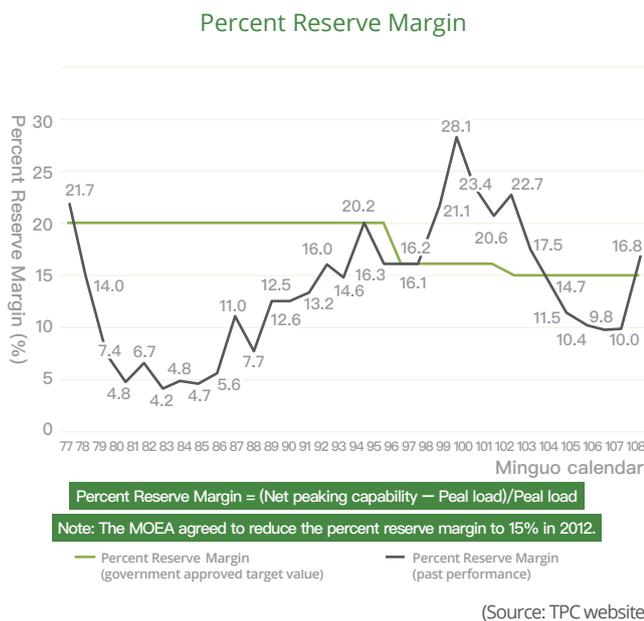
Structure of Power Generation of 2019



In addition, as no further amendment has been made to the Electricity Act established in 1947 and amended in 1965 for over half a century, the long-term monopoly of the integrated electricity industry has slowed the industry's liberalization and failed to bring in competition and a reference for performance rating. To keep pace with time and keep up with national economic development, the Legislative Yuan finally amended the Electricity Act on January 26, 2017. The amendment was made chiefly for two reasons: (1) electricity liberalization, and (2) encouragement of renewable energy development.

The Bureau of Energy (BOE) has also begun to amend related subsidiary laws and establish supporting measures. We will keep track on the amendment schedule to plan and adjust our long-term development directions.

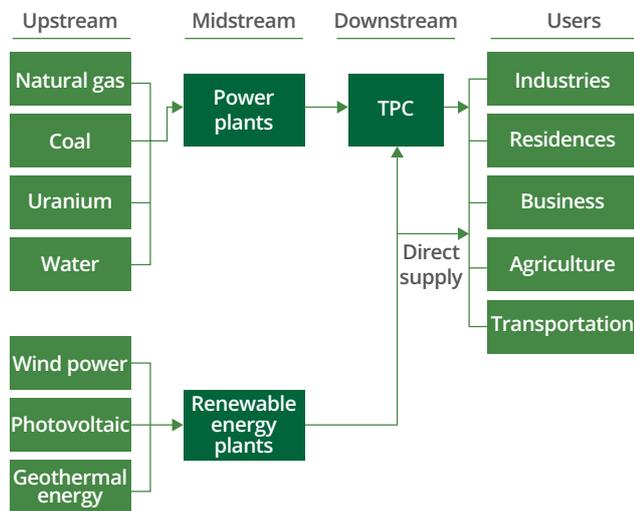
Major events of Taiwan's electricity industry in recent years:



Industry chain relationship:

Currently in Taiwan, electricity generation includes the following types. After electricity liberalization began, new IPPs entered the market, particularly in the renewable energy sector. In support of the government’s green energy policy emphasizing energy conservation and emissions reduction, our electricity sector has actively engaged in the construction of related renewable energy facilities.

Our electricity sector established TCC Green Energy, which mainly focuses on renewable energy and the energy storage businesses, including the development and operation of solar, wind, and geothermal power plants, as well as planned investments in energy storage to provide functional services such as balanced loads, auxiliary services, balanced power supply, and stable power quality. The current capacity of grid-connected solar power facilities and onshore wind power is about 12.1MW and 7.2MW, respectively. Solar power facilities and onshore wind power have obtained construction permits and are under construction with the capacity of 46.7MW and 14.4MW respectively. Onshore wind power and geothermal power under development and application of construction permits have the capacity of 14.4MW and 2MW, respectively. All electricity purchase agreements are 20-year bulk purchase agreements, and the sales proportion varies after the grid connection of power plants. Currently, solar power and onshore wind power account for 46% and 54%, respectively.



Development trends of products:

After the proclamation of the Paris Agreement at the COP21 in 2015, countries around the world have been inhibiting GHG emissions with full efforts for the common good of the Earth. We should reduce dependence on petrochemicals to implement carbon reduction, and develop an autonomous and diversified energy industry, so that dependence on imported energy is decreased as well. Currently, the government is actively promoting the development of renewable energy, and Taiwan’s renewable energy industry may benefit from the government’s 2025 Nuclear-

free Homeland policy with the renewable energy target of 20%, which has a relatively high growth rate compared to neighboring countries. In the past 10 years, the average annual growth rate of renewable energy, solar power and wind power was 4.3%, 89.6%, and 11.1%, respectively. With the support of the government’s key policies, solar power currently has an installation capacity of 4.15GW, and a projected growth of nearly 4 times that, with the aim to reach the government’s target of 20GW in 2025. As the onshore wind power market matures, the bulk purchasing subsidy mechanism will be replaced by the free market mechanism. With that, onshore wind power will benefit from the launch of renewable energy companies, which is expected to obtain market demand with a terminal sales price higher than the contracted bulk purchase rate in recent years. However, the restriction of wind resources and difficulties in developing first-class wind farms would slow down the growth of new facility capacity.

5.1.3 Technology and RD status

In 2019 and by the date of this report’s publication in 2020, the TCC Group has invested in a total R&D expense of NT\$40,748,000 and NT\$ 3,374,000 (January-March 2020), respectively. The technology and R&D status of major sectors are as follows:

5.1.3.1 Cement sector

- TCC has the only professional cement and concrete research laboratory in Taiwan, with the scope of research covering three main domains: cement, concrete, and resource recycling.
- In order to improve technical capabilities and competitive advantages of the Group’s ready-mixed concrete, we will set up a professional and certified laboratory for training, strengthening staff techniques, managing raw materials and product quality of each ready-mixed cement plant to improve TCC’s professional image and competitiveness, and dedicate efforts towards developing new materials.
- In support of the circular economy, apart from developing new products and optimizing the quality of existing products, we also actively develop technologies in the following areas:
 - Expanding the scope of resource recycling: Blending recycled aggregates, industrial waste, fly ash from refuse incineration and power generation, and steel slag for reuse and processing as refuse derived fuel (RDF).
 - Cement kiln co-processing of household garbage and toxic waste treatment.
 - Reducing unit energy consumption and carbon emissions during processing.
 - Combining a calcium-looping Carbon capture system with the Carbon capture, storage, and utilization (CCS) functions of microalgae cultures.

■ Successfully developed technologies or products:

- Developed and achieved mass production of type II high-performance cement and types II/V high-strength cement.
- Developed and achieved mass production of type IV cement with quality complying with the CNS requirements and special construction requirements. All have been awarded the CNS mark and MIT Smile Logo.
- Development of the mass production capability of 10,000psi high-performance concrete.
- Development of the mass production capability of self-compacting concrete.
- Development of the mass production capability of high impermeability concrete.
- Development of technologies for the testing and recycling of calcium fluoride sludge.
- Development of technologies for testing trace elements in cement.
- Development of technologies for testing trace elements in slag.
- Development of technologies for using sludge.
- Technology to process domestic garbage with cement kilns.
- Development of treatment technology for reducing cement pre-sintering rotary kilns.
- R&D of technologies for energy conservation and emissions reduction using thermoelectric materials on rotary kilns for waste heat power generation.
- Expansion of the scope of microalgae culture technology and completion of the trial development of astaxanthin cosmetics.
- Completion of trial productions of four medical cosmetics products, including bubble cleansing masks, moisture crystal serum, anti-aging dual pearl, and juvenile cream. The health inspections for these products were also completed to ensure their quality.
- Development of giftboxes of *Haematococcus pluvialis* products, including soba noodles, seaweed, *Litsea cubeba*, and shichimi.
- For the material of cosmetics for ASTAROSE, INCI, the name/trade name are registered.
- Pilot run of the 1.9MWt calcium-looping plant for continuous operation up to 100 hours, with a carbon capture rate up to 85-93%.

- Construction of a 500kWt new-generation steam hydration and cascade cyclone capture system using calcium looping has been completed, accumulating 1,200 operating hours.

- The TCC group has applied for 31 patents under 15 items for the Calcium-Looping technology for Carbon capture.

- Development of the formula of cement mortar specifically for perfusion, and the promotion of craftsmanship workshops for cement.

- We have set up a scientifically based reduction target, and signed the commitment letter to the SBTi pledging to achieve the target within two years.

■ Future research projects and new product development plans:

- The new generation of calcium-looping technology for Carbon capture: development of the project of "Validation of Calcium-Looping Technology for Carbon Capture and the R&D for Amplifying Technology", which implemented a long-term continuous operation for validation. The key points of the project include:

- (1) Optimization and improvement of the unit system, to enhance the stability of operations for the whole system.

- (2) Test of long-term stable operations for the new generation of calcium-looping technology for Carbon capture.

- (3) The industrial amplified application demonstration of the capture system is promoted to conduct detailed design on the basis of the 10MW grade capture system with calcium looping, and also establish the engineering specs for the industrial amplified capture system.

- Development of microalgae culture technology: Implementation of the three-year High Efficiency Biological Carbon Fixation and Application TDP (II) plan, including:

- (1) Development of a High-Efficiency Microalgae Growth Model and Biomimetic Application.

- (2) Research of the High-Efficiency Outdoor Culture of Carbon Fixation Microalgae and Application.

- (3) Development of Product Synthesis Technology Using Two-Stage Biological Carbon Fixation and the Procedures.

- (4) Assessment of the Economic Efficiency of Producing High Unit Price Products with Biological Carbon Fixation.

- Currently, the second-year plan is under progress. The focus is on developing the biomimetic compounds accelerating the growth of microalgae, and the

exploration of their applications for the growth of microalgae, as well as the feasibility of adding microalgae to food. In addition, we further optimized the production and efficacy of the bio carbon fixation/ products. The small bio carbon fixation fermentation system is planned as the basis of the testing and demonstration of the high efficiency bio carbon fixation.

5.1.3.2 Electricity sector

Major business contents at present:

■ As far as coal-fired generation is in use, we completed the first generating set “Enhancement of Boiler Burning Efficiency” plan in 2019, and signed the EPC contract with CTCL on the second generating set Air Quality Control System (AQCS) at the beginning of 2020 to reduce GHG emissions. Up to now, the plan and design of renovation is under progress. It is expected to complete enhancement of the efficacies of two generating sets and the efficiency of the prevention equipment in 2021-2024.

■ As for the promotion of renewable energy, our electricity sector, as the leader in the traditional industries, follows the pace of the government’s energy transformation, and actively develops and invests in renewable energy. Apart from energy generation (including solar photovoltaic, wind-power and geothermal power generation), we plan to invest in energy storage. In terms of energy storage, E-One develops grid-level energy storage system solutions as a solution provider for smart grids, and provides functions such as balanced loads, auxiliary services, balanced power supply, and stable power quality. Estimated R&D expenditures account for approximately 2.5% of revenue.

5.1.3.3 Chemical engineering sector

■ Apart from continuously improving process operation to achieve operational and development goals, we gradually established the process simulation system with the simulation software in order to assist production operations and improve safety and stability of the production process.

■ To fulfill our environmental responsibilities, we invested in improvement in regard to waste gas and water generated during the production, to reduce emissions.

■ We commissioned external research institutions to analyze the value enhancement of main products and research the use of chemicals in the optoelectronics area, in order to find opportunities to increase the value and develop new chemicals for optoelectronics.

5.1.4 Long- and short-term development plans

5.1.4.1 Cement sector

Short-term development plan:

(1) As the cement industry in Taiwan has matured, we will aim at maintaining market share, reducing cost, and increasing profit.

(2) In Mainland China, through construction mergers and acquisitions over the past few years, we have established cement complexes in Guangdong, Guangxi, Jiangsu, Liaoning, Guizhou, Sichuan, Chongqing, Hunan, and Yunnan. We have also set up grinding stations in Liuzhou of Guangxi, Fuzhou of Fujian, and Naxi of Sichuan. The combined capacity in Mainland China is up to 64.30 million tons. Add in Taiwan’s capacity, and the total is up to 74.70 million tons. After the privatization of TCCIH in 2017 and with regard to green development, supply side reformation, and environmental protection policies of the business, we maintained leadership in green processes and regional market share to increase profit for the group.

(3) Other than the business in Taiwan and Mainland China, TCC has established a new wholly-owned Dutch subsidiary Dutch TCC Holdings and set up a joint venture (“JVC” hereafter) with OYAK from Turkey. TCC and OYAK hold 40% and 60% stakes of the JVC, respectively. This JVC will obtain all the cement business of OYAK in Turkey. This is the first step of TCC to step out of the Asian market. Though the partnership with OYAK and the special positioning of Turkey in the Mediterranean Area, it is expected to help the future global positioning of TCC via strategic M&A of Portugal’s Cimpor Cement, and further construction of a grinder on the Ivory Coast (“Côte d’Ivoire”) of West Africa.

(4) In 2019, the Company acquired Portugal’s Cimpor Cement, which has three cement plants and one grinding station, with clinker and cement capacities of 5 million tonnes and 7.5 million tonnes, respectively. In addition, TCC plans to build a grinding station of 1 million tonnes in the Ivory Coast of West Africa to increase CUR and expand production efficiency, which can also be used as the base for global expansion.

Long-term development plan:

(1) Starting from the JVC, the objective is to expand into European and African countries, to find suitable partners or locations, for the purpose of actively extending the cement business to other geographic areas in the world.

(2) In response to the establishment of cement plants and grinding stations in Mainland China, we will invest in building aggregate plants, ready mix concrete plants, or in the precast concrete industry to achieve vertical integration and create added value.

(3) Apart from maintaining the brand status in Taiwan, we are devoted to improving product quality and customer services in Southern China, Southwest China, and Eastern China. TCC aims to keep its roots in Taiwan and cultivate Mainland China, in order to deepen the market in Southern China and Southwest

China and maintain its position as the leading cement manufacturer in Mainland China.

(4) Using the three high's process characteristics – high temperature, high retention time, and high turbulence – of the cement kiln, TCC aims to develop the value chain of the circular economy through “environmental protection service integration” which processes solid waste, such as city garbage, sludge and toxic waste.

■ **Projects of cement kilns for collaborative processing of urban solid waste**

-In December 2015, the first set of cement kilns for collaborative processing of urban solid waste began operations successfully at the TCC Anshun Cement Co., Ltd. in Pingba District, Anshun City, Guizhou Province, Mainland China. The complex was listed as the “Key Demo Project of Cement Kilns for Collaborative Processing of Urban Solid Waste 2016” by the Ministry of Industry and Information Technology and the Ministry of Finance of Mainland China.

-A new set of cement kilns for co-processing household garbage is under construction at TCC (Shaoguan) Cement Co., Ltd. in Qujiang District, Shaoguan City, Guangdong Province. We also signed a 25-year household garbage processing agreement with the local government in July 2016. The equipment procurement has been completed and the construction has been outsourced. Since the provincial government's time-consuming review process relative to the usage of state-owned forest farms by cement factory quarries has been delayed until the end of 2019, operations are estimated to begin in the third quarter of 2021.

-For the co-processing of general garbage for Hualien County by the Ho-Ping Plant, TCC's Ho-Ping Plant signed a BOO contract with the Hualien County Environmental Protection Bureau at the end of 2019, and conducted the first environmental impact assessment (EIA) in February 2020, and is currently providing monitoring data based on the review opinions, with the goal to pass the EIA review in the third quarter of 2020, and obtain a construction license by the end of 2020. The goal is to complete the installation of related facilities by mid-2022.

■ **Projects of cement kilns for collaborative processing of solid and hazardous waste**

-On the basis that the Suao Plant has been processing calcium fluoride sludge from the semiconductor industry, coal bottom ash, fly ash, slag from steel mills, sludge from water purifiers, inorganic sludge from

chemical factories, and the recycled aggregates of IBA from the incinerators, the Yilan County government granted the permit for operations of the Suao Plant to expand the treatment of slag from steel mills to 72,000 tonnes per year on December 2019. In addition, to reduce the use of coal and GHG emissions, the Suao Plant applied to the Yilan County Environmental Protection Bureau for wood waste as an alternative fuel, and increased the treatment of waste refractories of China Steel Corporation. On March 2020, the Yilan County Environmental Protection Bureau approved the amendment of the plant's waste clearance (including reuse registration), and is applying for subsequent permits on stationary sources of pollution, aiming at load testing in the third quarter of 2020.

-Project of other industrial waste treatment by the Ho-Ping Plant: The Hualien County government granted the permit for operations in February 2019. On the basis that the Ho-Ping Plant has been processing coal ash from power plants, inorganic sludge from paper-makers, stone sludge and derived stone powder, the county government has agreed for the Ho-Ping Plant to further process the calcium fluoride sludge from the semiconductor industry, slag from steel mills, sludge from water purifiers, and plastic molds from the packaging industry, with stable waste treatment operations.

-For Guigang (Guangdong Province) TCC Dongyuan Environmental Protection Technology Corp's project of 300,000 tons of toxic waste and 30,000 tons of sludge from sewage processors, the first phase of construction that processes 200,000 tonnes of solid and hazardous waste annually has already been completed, and has obtained the approval for treatment of 32 classes and 369 types of waste. Due to the impact of COVID-19, the project is expected to start production in April 2020.

-TCC's project of setting up a Jurong Plant in Jiangsu Province of fly ash disposal incineration for the treatment of 15,500 tons/year: The project passed the EIA review in May 2019, will commence pile foundation construction in December 2019 after obtaining the relevant construction permit, and set up pile foundations in March 2020. The construction is expected to be completed by the end of 2020.

-Jiangsu Jurong Plant's waste tires (30,000 tons/year) and RDF (20,000 tons/year) project: The first meeting of the expert EIA Review Committee was held in March 2020, followed by subsequent EIA meetings.

-The 50,000 ton hazardous waste treatment project for Kaili Plant in Guizhou Province: In February 2019, the

Kaili City Development and Reform Bureau approved the project for our Kaili Plant in Guizhou Province, with a capacity to treat 50,000 tonnes of hazardous waste annually. In November 2019, it obtained an environmental impact evaluation approval by the Ministry of Ecology and Environment, Guizhou Province, and is currently applying for the construction permit. Construction work has already been outsourced, and is expected to commence construction at the end of the third quarter of 2020.

-Liaoning Cement Plant's municipal sludge treatment project (60,000 tons/year):It obtained environmental impact evaluation approval in March 2020.

5.1.4.2 Chemical engineering sector

Short-term development plan:

(1) As the first to manufacture phenol in Taiwan, our chemical engineering sector produces phenol of a stable quality and thus plays a decisive role in the market. With full capture of market information and movements, balanced production and sale are maintained.

(2) Domestically, we aim to increase market share, and in exports, we aim to diversify markets. To increase product added value, apart from selling bulk phenol, we do offer phenol in barrels, with sales extended to Mainland China, Japan, South Korea, and Southeast Asia.

(3) Apart from developing closer relations with upstream suppliers and downstream customers to improve capacity in production-sale coordination, we enhance customer connections and provide good after-sales services to fulfill customer demands.

(4) We make real-time responses to market conditions with a flexible pricing policy. When the price rises, we increase product prices to create more profit for the Company. When the price falls, we make immediate responses to avoid overstock.

Long-term development plan:

(1) In the long run, we aim to develop into an integrated precision petrochemical production-sales system. Apart from developing downstream products, we increase self-consumption to reduce risk from dead stock.

(2) We voluntarily invest in equipment, constantly resolve product obstacles, expand capacity, and reduce unit cost to make the Group's chemical engineering products more competitive for sustainable development.

5.1.4.3 Electricity sector

Short-term development plan:

(1) Based on the environmental policy made in ISO 14001, we are committed to:

Abiding by environmental laws and regulations and environmental impact assessments to prevent disputes on pollution.

Making continual equipment improvements to upgrade the efficacy of pollution control.

Implementing waste sorting and reduction to achieve resource recycling.

Performing periodic monitoring to ensure pollution prevention.

Establishing an environmental management system to implement environmental controls.

Offering education and reporting periodically to communicate externally through documents.

Inviting outsiders to visit our plants to present our performance transparently.

(2) Implementing the ISO 9001 quality management system (QMS)

By implementing the QMS, we make continuous improvement of machinery performance to provide customers with stable and reliable quality electricity services.

(3) Implementing five-star NOSA safety and health management systems

By implementing the QMS, we make continuous improvements of machinery performance to provide customers with stable and reliable quality electricity services.

(4) Focusing on the operation of grid-connected power plants and the construction of power plants that have obtained relevant permits.

Mid-term development plan:

Execution of the Project for Enhancing the Efficiency of Boiler Coal during subsequent switching of low NOx boilers of the second generating set.

Long-term development plan:

(1) Improvement of AQCS:

Assessed technology improvement plans

Item	NOx ppm	SOx ppm	PM mg/Nm ³
Current standard	50	50	20
Target after emission reduction	23	23	7
Assessed technology improvement plans	<ul style="list-style-type: none">◆ Increase the volume of catalyst reactors.◆ Invest in low nitrogen burners.	<ul style="list-style-type: none">◆ Improve flue gas desulphurization (FGD) towers.◆ Select no leakage gas reheaters.	<ul style="list-style-type: none">◆ Increase wet electrostatic precipitators.

The plan is to complete the project of improving AQCS for the 2nd and 1st generating set by 2022 and 2024, respectively.

(2) Building new clean energy generation sets and engaging in the planning and investment of various renewable energy projects to increase profit.

Continue the assessment of adding more clean energy generating sets, or installation of various renewable energy power plants, and participation of investments near the Plant or other locations in Taiwan, in order to increase the capacities and profitability, as well as corresponding to the green energy promoting policy of the government.

(3) Focus on solar power plant development, R&D of energy storage business, and construction of geothermal power plants in southern and central Taiwan.

5.2 Market, production, and sales

5.2.1 Market analysis

5.2.1.1 Cement sector

Sales regions, market share, future supply and demand, and future growth of major products:

Cement and ready-mix concrete are our major products that are distributed across Taiwan and to overseas markets.

The 2019 cement consumption in Taiwan was 11.38 million tonnes, 700,000 tonnes or 6.55% more than 10.68 million tonnes in 2018. The 2019 domestic sales of cement and clinkers (including consumption by our own ready-mix cement plants) were 4.22 million tonnes, 6.03% higher than 3.98 million tonnes in 2018, with a market share of about 37.11%. The Taiwanese cement market in 2019 was driven by the governmental forward-looking infrastructure

projects. The increase in public construction led the growth in the holistic market. The sales price of cement was stable.

For the domestic cement market in 2020, despite the fixed investment in the ICT industry and manufacturing industry, it is expected that the demand for cement will maintain at 11-11.5 million tonnes given the reduced cross-Strait economic interactions, the US-China trade war, the impact of COVID-19, the fluctuation of the global financial markets, as well as less supply in the property market. For TCC, it is expected to sell 4.4 million tonnes of cement and clinkers domestically. The price in the domestic cement market will be stable.

Bulk cement and bulk clinkers are our major exports. The exports of both cement and clinkers in 2019 were 1.28 million tonnes, which declined by 11.72% compared to the 1.45 million tonnes in 2018. Our major export regions include Mauritius, Australia, the Philippines, Malaysia, and Hong Kong. The export for 2020 are estimated at 1.50 million tonnes. In the international cement market, the sales price will remain flat as a result of increased capacity in Africa and Southeast Asia despite demand growth in the emerging markets, and that Mainland China is switching from exporter to importer due to staggering production reduction. However, the impact of COVID-19 may affect Mainland China's imports, which may drag down international prices. In 2020, Africa and Southeast Asia will still be the major markets of our cement exports, with stable sales price, and the sales volume will be reduced in support of the government's export reduction policy.

As a result of being driven by governmental forward-looking infrastructure projects, there was greater demand in the domestic market, with 2019 domestic sales of ready-mix concrete (including consumption by self-owned ready-mix cement plants) reaching 5.51 million tonnes, 1.47% more than the 5.43 million tonnes in 2018. It is estimated that raising profits and increasing domestic sales will be the main targets for 2020 (including consumption by self-owned ready-mix cement plants) for both domestic and export sales reaching 5.9 million tonnes, about 7.08% higher than the 2019 sales volume of 5.51 million tonnes.

In ready-mix concrete, the 2019 sales were 5.2 million cubic meters, 10.17% or 480,000 cubic meters higher than the 4.72 million cubic meters in 2018. Despite the sales reduction in the realty market, the estimated ready-mix concrete sales in 2020 will increase by about 5.2 million cubic meters from 2019 as a result of the increase in infrastructure construction projects.

Competitive niche:

As the largest and oldest cement and ready-mix concrete manufacturer and supplier, and an example of successful vertical integration in Taiwan, our products are characterized by high quality and good market presence as a result of our strong R&D capacity and stringent process control. In addition, we have cement distribution locations and ready-mix concrete plants across Taiwan forming a complete sales network in every urban area to provide customers with the best products and services. These are TCC's competitive niche. Since 2020, the CRM system has been expanded to disclose raw materials and the product biography of ready-mixed concrete. Customers can access real-time inspection reports at the Company's website via

QR Code or email, and the services provided demonstrate the Company's commitment to quality.

Favorable factors for industry development:

(1) In Taiwan, as the government promotes forward-looking infrastructure projects, and continues to increase infrastructure and urban renewal, demand in the cement market may grow slightly. In addition, due to the impact of the US-China trade war, more Taiwanese firms returned from Mainland China to invest in Taiwan, and the economic conditions can be improved. As the growth momentum from the private sector is still strong in the long run, it is predicted that the cement industry will maintain steady development.

(2) In Mainland China, as industrialization, urbanization, and economic development continue, and environmental standards are getting increasingly stringent, restrictions on new capacity building and off-peak production reformation on the supply side will continue. Such favorable policies for the cement market and industry will gradually reduce excessive capacity. It is predicted that the Mainland China market will enter a high demand platform and this demand volume will still be maintained for a period of time in the future. Although demand in China has been affected by COVID-19 in the first quarter of 2020, the increase of mergers, acquisitions, and centralization will still be an inevitable trend in the future. We will prudentially assess the circumstances based on the economic conditions in Mainland China to maintain leadership in the cement industry.

Unfavorable factors for industry development:

(1) Fees and taxes, including commodity tax, air pollution fees and waste disposal fees, and the mining tax of local governments are still levied on cement domestically, thus bringing negative impacts on the development of the domestic cement industry.

(2) While it is difficult to promote major infrastructure projects and private investments in Taiwan, and along with the effect of the outflow of industries and realty price suppression, they will restrict the cement and ready-mix concrete demand of infrastructure and the construction industry, and it will take time for the domestic market to recover.

(3) As environmental awareness escalates, external interference and obstacles affecting applications for mining permits and permit extension will intensify. Furthermore, as countries in the world have set reduction targets for GHG emissions, governments may take aggressive actions, such as production restrictions, to keep their emission reduction commitments.

Countermeasures for unfavorable factors:

(1) In Taiwan, we will enhance cost control and integrate the Taiwan and Mainland Chinese markets with information systems to boost overall operational efficiency, continue to cultivate the domestic market, and maintain industry leadership. We will also actively persuade the government to implement the cement industry policy, the circular economy, and collaborative disposal of rubbish and industrial waste in accordance with national development, in order to pursue the sustainable development of the cement industry. The first project of cement kilns for collaborative processing of solid and hazardous waste in Guigang City, Guanxi Province, is the largest project of

processing solid and hazardous waste in Mainland China. The first phase construction that processes 200,000 tonnes of solid and hazardous waste annually has already been completed, and obtained the approval for treatment of 32 classes and 369 types of waste in February 2020. Due to the impact of COVID-19, the project is expected to start production in April 2020. At that time, the effect of the green circular economy of the Company will be enhanced.

(2) The Taiwan cement market is rather a mature industry with little room for growth. Therefore, TCC has invested in Mainland China's cement market, and the target market is Southern China while extending to Eastern and Southeastern China. At the end of 2009, to cope with the Mainland's new policy that controlled the capacities, suspended new projects, encouraged M&A, and increased the concentration of the industry, TCC successfully merged and acquired the cement capacity of Chang-Xing Mining. Since 2011, TCC has acquired one after another production facilities of Gangan, Kaili, Saide, and Taichang companies located in Guizhou and Sichuan Provinces. In 2014, TCC acquired Chuantie Cement and Jin Da Di Cement in Sichuan Province and Hunan Province. In 2019, the annual capacity of the Company in Mainland China reached 64.3 million tonnes. In the future, TCC will continue M&As in Mainland China when opportunities emerge.

(3) The TCC board of directors approved the establishment of a new joint venture on October 25, 2018, a new wholly-owned Dutch subsidiary Dutch TCC Holdings, a joint venture ("JVC" hereafter) between Dutch TCC Holdings and OYAK from Turkey. TCC and OYAK hold 40% and 60% stakes of the JVC, respectively. This JVC will obtain all the cement business of OYAK in Turkey. This is the first step of the Taiwan cement industry out of the Asian market. TCC therefore becomes a key shareholder of a holding company that to market share. Through the partner OYAK and the special position of Turkey in the Mediterranean Area, it is expected to make the JVC become an influential player in the cement industry via a strategic M&A with Portugal's Cimpor Cement, and further construction of a grinder on the Ivory Coast ("Côte d'Ivoire") of West Africa.

(4) We have organized the Organizational Sustainable Development Committee under the board of directors to hold meetings to regularly review climate change risks and set implementation targets and related measures. In addition, we continue to keep ahead of the existing environmental regulations. Apart from monitoring related environmental data in real time with information technology, the cement sector reviews the environmental performance indicators and sets explicit targets for pollutant reduction at the periodic business review meeting and keeps track of the implementation performance. Furthermore, with the circular economy operational model through "environmental service integration", we combine cement production with waste disposal to play an active role in "handling the complex relationship between nature and human beings", in order to fulfill our social responsibilities and create a win-win for stakeholders.

5.2.1.2 Chemical engineering sector Sales (supply) regions of major products (services) :

(expressed in NT\$ thousands)

Sales Type	2018		2019	
	Amount	%	Amount	%
Domestic sales	6,815,053	44.94	3,925,736	37.86
Export sales	8,351,000	55.06	6,444,565	62.14
Total revenue	15,166,053	100.00	10,370,301	100.00

Market share:
The domestic market shares are described in the following table:

	2018	2019
Phenol	26% (Note)	25% (Note)
Acetone	44% (Note)	41% (Note)
BPA	0%	0.4%
Cyclohexanone	83% (Note)	45% (Note)

Source: Statistics of Customs Services and TCC

Note: Domestic market share is calculated based on market circulation deducting the self-consumption of downstream production within TCC.

Future supply and demand and future growth:

(1) Global supply

The technologies of phenol products are more advanced, with higher investment. The users have stricter requirements for quality. As for the global supply of phenol, the Asian capacity is the greatest at 53%, followed by Europe, whereas the Americas dropped from 2nd to 3rd due to the shutdown of SHELL's original product line. Basically, excessive products of these regions will mostly be exported to Mainland China, India and Southeast Asia.

(2) Domestic and global demand

Overall, the Company mainly supplies products to domestic manufacturers of phenol formaldehyde resins, engineering plastics, PMMA, cleaning agents, epoxy, and solvents. The global market benefited from increased production capacity of polycarbonate and CPL amid steady demand growth.

(3) Future growth

In the second half of 2019, the poor performance in

the textile industry and tire industry affected CPL and polycarbonate, with continuous decline in prices of upstream cyclohexanone and BPA, with decreased trading volume. Phenol and acetone products were affected by the production of the integrated refinery-chemical plant expected to commence in the first half of 2020. The price of phenol and acetone was significantly lower than expected in the fourth quarter of 2019, and the gap owing to annual repairs of 350,000 tonnes in Asian phenol/acetone plants in the first half of 2020 supports the market price. However, the spread of COVID-19 has led to an imbalance between supply and demand in the global market, and the price competition of petroleum-exporting countries has led to fluctuations in raw materials prices several times a day as well as uncertainties in market supply and demand.

Based on the abovementioned external factors, the production-sale coordination of the Group's chemical engineering sector was immediately adjusted to a daily basis for prudent orders, procurement adjustment, and inventory control, in order to actively reduce energy consumption and control production costs. Given uncertain demands, the plant continues to strengthen soft and hard powers such as education and training, occupational safety management, equipment maintenance for comprehensive optimization, and accelerating new product development.

After the market resumes a balance between supply and demand, the downstream companies will expand their capacity, with expected growth in the future.

Competitive niche:

(1) Full capture of material sources

Long-term contracts are signed to secure the stable supply of materials, for the purpose of coping with the production.

(2) Consistent quality policy

By maintaining a consistent quality policy featuring operations standardization, work efficiency, and zero quality defects, we make constant innovation, overcome impacts and challenges on the market to promote business, make continual improvement of various systems and renew equipment to raise capacity, hoping to achieve all business targets.

Favorable and unfavorable factors of development and countermeasures:

(1) Favorable factors

① Outstanding production technologies and high market response:

At the chemical engineering sector of this Group, we make continual technology improvement and communicate with customers with frequent visits to keep up with the latest development trends at home and abroad. With years of experience and achievements in chemical manufacturing, TCC's chemical engineering sector has obtained ISO certification. As customers have great faith in our product quality, delivery punctuality, and after-sales service, we will continue to enhance the production efficiency of TCC to help cultivate more markets.

② Effective stock control and management through production-sales coordination meetings:
The chemical engineering sector holds production-sales coordination meetings. Apart from reviewing the production and sales performance, the chemical engineering sector discusses and coordinates the current status of the market, production, inventory, and material supply to set the sales targets and keep track of implementation, in order to achieve the predicted target. Since the production-sales coordination meeting policy was launched, the results have been good.

③ Fluent sales channels and high entry barriers for newcomers:
As the chemical engineering sector is part of the petrochemical industry which is both technology- and capital-intensive, it requires a huge amount of capital, human resources, and technology to establish a scaled petrochemical plant, not to mention the need to pass EIA and the agreement of local residents. Objectively speaking, the hurdle to enter the business is higher. TCC's chemical engineering sector has a long history of product manufacturing, and thus the professional image, market position, and a complete network of marketing has been established. Therefore, in regard to capacity and market sales, TCC has the efficacy from the economic scale, and the costs of production are lowered, to offer very competitive products. As a result, TCC has become one of the key suppliers to the petrochemical industry.

(2)Unfavorable factors
Excessive capacity and low import tariffs.
The import tariffs for petrochemical products are too low to protect domestic suppliers, and under free trade, foreign suppliers make use of the higher price advantage in the local region and sacrifice a small quantity at lower prices to compete with our products. As a result, the sales price of products has fallen amid a decline in revenue.

(3)Countermeasures
① Keeping close connections with upstream suppliers and downstream consumers to capture the exact status of customers.

② Increasing output and improving technology to reduce production costs and strengthen product competitiveness.

③ Setting reasonable sales prices, offering well-planned after-sales services, and dispersing markets to stabilize sales volume.

④ Developing downstream products with higher added value to increase self-consumption and reduce the risk of dead stock.

5.2.1.3 Electricity sector

Sales regions of major products:

Based on the electricity purchase agreement, the

electricity sector of this Group sells all electricity generated to TPC for them to allocate the power supplies in Taiwan.

Market share:

Based on the statistics on the official TPC website, until the end of 2019, the total capacity of facilities in Taiwan was 477.8GW, and the net power generation in 2019 was 23.25MWh. Among the generation, 18.04MWh was generated by TPC. The total capacity of the facilities of the private coal power plants was 77.1GW, and the net power generation was 3.93MWh. The capacity of the two generating sets in the Group's Ho-Ping Power Plant was 13.1GW, and sales of electricity in 2019 were 8,430GWh, or 21% of the private coal power plants, or 3.6% in Taiwan.

For TCC's renewable energy, according to the statistics on the official website of the Bureau of Energy, Ministry of Economic Affairs, the total installation capacity of solar power and wind power plants in Taiwan by the end of 2019 was 41.495GW and 8.452GW, respectively, with net power generation of 41.441GW and 18.713GW, respectively.

For TCC's solar power, the installation capacity in 2019 was 1.236GW, with net power generation of 149.9GWh. The capacity of private power plants was 1.295GW, with a net power generation of 127.5GWh. The total installation capacity of own-use generation equipment was 38.965GW, and the net power generation was 3,866.7GWh, the installation capacity of TCC Green Energy was 0.121GW, and sales of electricity in 2019 were 4.9GWh, accounting for about 3.8% of private power plants, representing a 0.2% market share in Taiwan.

For TCC's wind power, the installation capacity in 2019 was 3.124GW, and the net power generation was 779.9GWh. The total installation capacity of private power plants was 5.284GW, with a net power generation of 1,081.6GWh. The total installation capacity of own-use generation equipment was 4.4MW, with net power generation of 9.8GWh. The installation capacity of TCC Green Energy was 7.2MW, and sales of electricity in 2019 were 4.9GWh, accounting for about 0.5% of private power plants, and representing a 0.3% market share in Taiwan.

Future supply and demand and future growth:

With reference to the electricity statistics and the 2014 Long-Term Load Forecast and Electricity Sources Development Plan of BOE, domestic electricity consumption increased from 21.845MWh in 2005 to 24.987 MWh in 2015. It is expected to grow to 33.564 MWh in 2033. As the average growth is projected to be 1.34% over the next 18 years, it needs to increase the supply by 0.48MWh of electricity per year on average to fulfill the demand for economic development and the daily life of the public. Regarding the development of the power supply, the government is promoting the "Two-year promotion program of solar photovoltaic" and the "Four-year promotion program of wind-power", seeking to achieve the policy of realizing 20% of power generated by renewable energy in 2025, hoping to resolve electricity shortages in the energy transition period and bring people in Taiwanese a richer, more brilliant, and more comfortable life.

The source of renewable energy revenue is from TCC's 20-year bulk purchase agreement subject to relevant laws in Taiwan during the 20-year contract period. This franchise industry is different from other countries such as the Chinese Mainland, where local government subsidies may not be paid, resulting in reduced wind power and solar power. TCC also benefits from the continuous promotion of government policies, which would achieve multiple growth in the short term through the development of grid-connected power generating systems in renewable energy power plants, whereas for the long term, TCC's past experience in power plant operations will achieve better stability compared to its peers. In addition, as renewable energy will continue to account for a constant high proportion of the energy supply in the future, the old power plant agreement will be extended, or the new agreement will be signed via a new equipment update in order to achieve better profitability.

Competitive niche, the favorable and unfavorable factors for future development, and countermeasures:

(1)Favorable factors

① As Taiwan's economy continues to grow, electricity consumption increases constantly:

As Taiwan's economy continues to grow, electricity consumption will increase constantly. Due to the scarcity of water resources and the "nuclear-free homeland" policy, coal-fired generation will be the main source of electricity. With reference to the electricity statistics and the 2014 Long-Term Load Forecast and Electricity Sources Development Plan of the BOE, domestic electricity consumption increased from 21.845 MWh in 2005 to 24.987 MWh in 2015, and it is expected to grow to 33.564 MWh in 2033. For the power supply, the capacity of power generating facilities is expected to grow to 503.5 GW in 2027 from 477.8 GW in 2019. It is expected that the retired capacities during 2019 to 2028 will be 123.9 GW, and new capacities are 169.3 GW for the same time (based on the long-term development

proposal of TPC in 2017). Taiwan's electricity demand is still higher than supply, which will favor TCC in continuing the supply of electricity.

② The Group's power generating sets are located near the northern load center and have geographical advantages:

In recent years, large generating sets such as First Nuclear and Hsiehho Thermal power plant in northern Taiwan have been decommissioned. The plan for Shenao and the Fourth Nuclear Power Plant in the eastern part of the North-Central region, as well as the power development project of the third reception station which affects the gas supply of Datan Power Plant have failed, which led to a shortage of power supply in northern Taiwan. As the Group's generating sets are connected to the northern power grid, it is crucial for the northern power grid that is under a shortage of power supply.

③ Rise of environmental awareness of citizens: The rapid social changes in recent years have triggered social diversification. Although power plants and the government have adopted a number of support measures to reduce the pollution caused to communities near power plants, nothing can ease the citizen's worries about the environmental problems of power plants as the environmental awareness of the public rises.

As we have planned to replace the clay used in cement manufacture with the coal ash from fuel coal used by our coal-fired power plant right at the beginning of planning and design, we do not need to build ash ponds to fill the coal ash like other coal-fired power plants. In addition, the cement plant can directly supply the limestone required by the FGD facility of the power plant. Then, the gypsum produced by desulfurization can be used as the retarder of the cement plant, the whole process thus complies with the industry resource recycling and environmental requirements.

In air and water pollution, apart from building 250m-tall flue stacks in our power plant to facilitate exhaust emissions, we have built indoor coal storage to store and transport coal in a fully sealed conveyor system to eliminate fugitive coal dust and coal water pollution.

Apart from minimizing pollution by implementing the above plans and building related facilities, we have hired consulting companies, academic institutions, and EPA-certified laboratories to implement environmental quality monitoring, near water marine ecology survey, and plant stacks and effluent examinations either monthly or quarterly during plant operations to reinforce environmental protection and enhance and relations of mutual trust with local communities.

All of the above actions may be a niche for maintaining this Group's sustainability.

(2) Unfavorable factors

① Limited suitable sites for renewable energy plants: The PV system requires a large area of land, and local residents will easily complain about the noise produced by onshore wind turbines. In addition, as Taiwan experiences typhoon attacks frequently, suitable sites for renewable energy plants are limited.

Countermeasures:

Renewable energy development in TCC's former site at Chang-Bin Industrial Zone, fish culture farms, and unusable farmlands as a result of land subsidence or salination to seek a win-win result for all parties. The projects of the Group that are in production and under progress and planning are as follows:

- In production: Phase I and II 12.1MW solar energy power plant in Chang-Bin Industrial Zone, phase I 7.2MW wind power plant, and 424.08kW solar energy in Taitung Dadu Plant.

- Under progress:

- Phase II 14.4MW Wind Power Plant in the Chang-Bin Industrial Zone is undergoing an environmental impact assessment.

- The 14.4MW Wind Power Plant in Changhua Fangyuan is under construction.

- The new Linyuan advanced warehouse of CRSC in Kaohsiung 725.4kW, the new Linyuan warehouse in Taitung 455.7kW and the Phase II roof-top solar energy of the E-One plant 496.6kW. Rooftop photovoltaics can be connected for grid power generation in the second, third, and fourth quarters of 2020.

- The Phase II 44.47 MW integration of fishery and power generation project in Yi-chu, Chiayi: In March 2020, agricultural land use permits and land alternation plants of the site for booster stations have been submitted to the county government for review.

- The Phase II 22MW integration of fishery and power generation project in Yi-chu, Chiayi: Land use development and integration is in progress.

② Global fuel price volatility:

Coal price is the main power generation cost of coal-fired power plants, and is a global bulk raw material for trading. The price is susceptible to fluctuations in economic cycles and demand, which will directly affect the operating expense and revenue of a coal-fired power plant.

Countermeasures:

Through supply source diversification (e.g. Australia, Indonesia, and Russia) and procurement diversification (stock and long-term contracts) to disperse the risk from coal price volatility and single source supply.

③ With the growing level of environmental awareness, energy policies are all focused on the development of

renewable energy and natural gas power generation:

In recent years, with growing public awareness on environmental protection, the government's energy policy has been focusing on the development of renewable energy and natural gas power plants. The policies related to coal-fired and nuclear power generation are no longer expanding. For example, coal-fired power generation has been reduced in coal-fired power plants in the western and southern regions at the request of the local governments.

Countermeasures:

Fully implementing and executing the aforementioned measures to protect the environment and reduce GHG emissions to obtain the trust of the public and government agencies with practical and effective environmental protection activities, and maintain good interactions with the communities and localities. Assuming the practical actions on environmental protection and reduction in GHG emissions are as effective as natural gas power generation, the public and all sectors of the government have been advocating on diversifying energy risks to avoid excessive dependence on a single energy source.

5.2.2 Important applications and manufacturing processes of major products

5.2.2.1 Cement sector

(1) Important applications of major products

Major products	Application
Type I Cement	Universally called common cement. It is the major product produced by all cement manufacturers and consumed in Taiwan. Without the characteristics of other types of cement, it is suitable only for general construction and buildings.
Type II Cement	Also called moderate-heat-hydration cement. It has more chemical restrictions than type I, a slower hydration reaction, lower heat of hydration, and medium sulfate resistance. It is suitable for structures including reservoirs, dams, mass concrete, harbors, piers, coastal buildings, artificial reefs, sewers, plant drainage, and flue stacks, etc.
Type III Cement	Generally called high-early-strength cement. It is characterized by high early strength and suitable for the emergency rescue of buildings and highways to shorten construction time.
Type V Cement	Characterized by high sulfate resistance, a lower content of tricalcium aluminate (C3A) (max. 5%) than other types of cement, and the sum of C4AF and double C3A below 25%, type V cement is suitable for use in areas with high sulfate in the water or soil, such as structures in harbors, ocean areas, tunnels, bridges, sewers, chemical plants, hot springs, and coastal architectural constructions.
Type I low-temperature-hydration and low-alkaline cement	This type of cement is manufactured to meet the demands of Taiwan High Speed Rail, Taipei City MRT, and Kaohsiung MRT projects to prevent concrete cracking caused by high temperature or hydration and alkaline aggregate reactions with its low-temperature-hydration and low-alkaline features to prolong the durability of structures.
Types II and V high-strength cements	These types of cement are developed for exporting to the USA. They feature high sulfate resistance and even early and later strength.

(2) Manufacturing processes of major products
Limestone is the principle ingredient of cement. In our quarries, we mine limestone with the safest and most environment-friendly methods. First, limestone obtained from explosions is transported by trucks to the shaft for unloading. After crushing with crushers at the bottom of the shaft, crushed limestone is further transported to the secondary crushers via the conveyor belt for second crushing before sending it to the ready-mix plant for mixing. Or, limestone obtained from explosions is transported by trucks to the aerial ropeway which forwards limestone to the stone warehouse at the mountain foot before conveying it to the in-house ready-mix plant for mixing. Then, a stone bucket will take limestone of even quality from the ready-mix plant. Based on the precision mix design by the computer, limestone is mixed with clay, silica sand, slag, and raw meal and ground into powder before delivering to the raw meal mixing plant for mixing before kilning to clinkers.

After extracting the raw meal mixing plant, the raw meal is weighed and fed in the pre-heater to heat up for deacidification and decomposition. After kilning the raw meal into clinkers with a multi-stage rotary flow coal burner in the rotatory kiln, clinkers are air-cooled with a cooler before adding an appropriate quantity of retarder—gypsum—and delivering to the cement grinder to grind it using clinkers into cement, which is then transported to the cement silo for delivery. To enhance productivity and cement quality, the entire production process is automated and computer operated. Lastly, cement is bagged with the automatic quantitative filling and packaging machine or delivered in bulk to the domestic or overseas markets.

5.2.2.2 Chemical engineering department

(1) Important applications of major products

Major products	Application
Phenol	For producing BPA, phenol formaldehyde resin, cyclohexanone, 2-hydroxybenzoic, and nonyl phenol (NP).
Acetone	For producing MMA, BPA, MIBK, and so on and used as a solvent.
BPA	Ingredient for producing epoxy, PC, flame retardants, UPRs, PSF, and so on.
Cyclohexanone	For producing CPL, hexanedioic acid, 2-methylacetophenone, initiators, and so on and used as a solvent.
Maleic anhydride	For producing UPRs, BDO, THF, and GBL.

(2) Manufacturing processes of major products

① Isopropylbenzene yard: Catalyzing the alkylation and transalkylation of propane and benzene to produce highly pure Isopropylbenzene

② Phenol/Acetone yard: Oxidize Isopropylbenzene to become cumene hydroperoxide by air followed by catalytic cracking to produce products like phenol, acetone, and methylstyrene.

③ BPA yard: Phenol and acetone are catalytically condensed under acidic conditions to synthesize propylene glycol.

④ Cyclohexanone yard: Through the addition reaction of phenol material and hydrogen, to produce cyclohexanone.

⑤ Maleic anhydride yard: use highly pure U-butaine to be oxidized for generating Maleic anhydride.

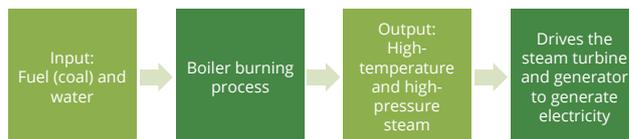
5.2.2.3 Electricity sector

(1) Important applications of major products

As the main product of the electricity sector, electricity is the mother of industries and the hand that rocks economic development. Electricity has a wide range of applications, as it maintains the normal operations of daily life, industry, agriculture, and transportation.

(2) Manufacturing processes of major products

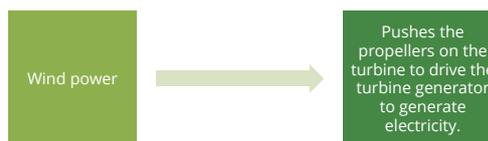
The generation processes of a fossil fuel power plant:



The generation processes of a geothermal power plant:



The generation process of wind power:



The generation process of solar energy:



5.2.3 Supply of major ingredients

5.2.3.1 Cement sector

The main ingredients of cement production include limestone, clay, silica sand, slag, and gypsum, and coal ash is the auxiliary fuel. Limestone is obtained from domestic suppliers under long-term supply contracts. Clay, low-alkaline sand, and gypsum are procured from credited suppliers at home and abroad. In Taiwan, coal is mainly imported from Australia and Russia mainly with stock tendering. Coal used by plants in Mainland China is mainly procured locally and Australia. All suppliers supply the ingredients at a price lower than the market indication price.

5.2.3.2 Chemical engineering sector

Major chemical products include benzene, propane, u-butaine, and isopropylbenzene. For benzene and propane, long-term supply contracts are signed with domestic suppliers, with a few overseas suppliers. U-butaine is fully procured domestically with long-term supply contracts. Isopropylbenzene is mainly produced on our own, and with a few overseas suppliers from Japan and other countries.

5.2.3.3 Electricity sector

Coal, the main ingredient of the electricity sector, is mainly imported from Austria, Russia, and Indonesia with long-term or short-term supply contracts.

5.2.4 Major suppliers and customers in the past two years

Suppliers with a procurement amount 10% above the total procurement amount in the past two years

(expressed in NT\$ thousands)

Year 2018					Year 2019			
Item	Name	Amount	Percentage in annual net procurement amount Percentage (%)	Relationship with Issuer	Name	Amount	Percentage in annual net procurement amount Percentage (%)	Relationship with Issuer
1	Company A	8,330,746	12%	NA	Company A	5,516,153	9%	NA
	Others	62,849,711	88%	-	Others	57,445,686	91%	-
	Net Procurement Amount	71,180,457	100%		Net Procurement Amount	62,961,839	100%	

Customers with a sales amount 10% above the total sales amount in the past two years

(expressed in NT\$ thousands)

Year 2018					Year 2019			
Item	Name	Amount	Percentage in the annual net sales amount (%)	Relationship with Issuer	Name	Amount	Percentage in the annual net sales amount (%)	Relationship with Issuer
1	TPC	13,827,292	11%	NA	TPC	15,210,234	12%	NA
	Others	110,767,310	89%	-	Others	107,572,780	88%	-
	Net Sales Amount	124,594,602	100%		Net Sales Amount	122,783,014	100%	

5.2.5 Production volume and value in the past two years

(expressed in volume and NT\$ thousands)

Production Value Major Products	Year 2018			Year 2019		
	Capacity	Output	Value	Capacity	Output	Value
Cement and Clinkers (thousand tonnes)	74,700	60,364	86,364,278	74,700	57,919	82,189,340
Ready Mix Concrete (thousand m ³)	12,654	4,763	8,212,993	13,518	5,089	9,869,163
Chemicals (tonnes; Note 2)	1,420,019	931,013	28,422,222	1,420,019	764,584	20,145,228
Electricity (Capacity: GW Output: GWh)	1,299.1	8,556.39	12,784,475	1,316.4	8,444.67	14,462,283
Total			135,783,968			126,666,014

Note 1: Capacity refers to the production quantity in the normal operations of existing equipment after deducting the required system downtime and holidays.

Note 2: Isopropylbenzene, phenol, acetone, cyclohexanone, BPA, and maleic anhydride.

5.2.6 Sales volume and value in the past two years

(expressed in sales value and NT\$ thousands)

Sales Value Major Products	Year 2018				Year 2019			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cement and Clinkers (thousand tonnes)	54,707	78,345,796	1,495	1,854,214	55,700	78,660,268	1,282	1,740,229
Ready Mix Concrete (thousand m ³)	4,958	8,551,625	-	-	5,419	10,515,582	-	-
Chemicals (tonnes; Note 3)	210,981	6,815,053	255,482	8,351,000	148,070	3,925,736	244,047	6,444,565
Electricity (GWh)	8,556.39	12,784,465	-	-	8,444.66	14,462,245	-	-
Total		106,496,939		10,205,214		107,563,831		8,184,794

Note 1: Domestic sales of cement and clinkers do not include consumption by our own ready-mix concrete plants (928,000 tonnes in 2018, and 1,057,000 tonnes in 2019).

Note 2: The above data does not include the expression of transactions after offsetting with the related parties that should be included as consolidated entities.

Note 3: Isopropylbenzene, phenol, acetone, cyclohexanone, BPA, and maleic anhydride.

5.3 Profiles on employees in the past two years from the date of report publication

Item	Year	Year 2018	Year 2019	By April 30, 2020
Total number of employees		9,993	10,618	10,651
Average Age		38.80	39.13	39.27
Average Service Length		6.28	6.76	6.81
Education Distributions	Doctorate	0.04%	0.05%	0.04%
	Master's Degree	1.44%	1.61%	1.66%
	College and University	24.89%	26.24%	26.47%
	Senior High School	34.60%	35.44%	35.58%
	Below Senior High School	39.03%	36.67%	36.25%

5.4 Information on environmental protection expenditures

5.4.1 Cement sector

The TCC environmental policy is: Build and implement an environmental management system - Enhance technology and improve processes - Conserve energy and prevent pollution - Beautify landscape and repay society.

(1) Certification and environmental participation
By developing a well-established management system long ago, all TCC plants acquired ISO 9000 certification for the quality management system (QMS) within the shortest time in 1993 to keep pace with the global trends. All cement plants further acquired ISO 14000 certification for the environmental management system (EMS) from the BSMI. All three cement plants in Taiwan also acquired ISO 50001 certification for the energy management system (EnMS) on December 8, 12 and 15, 2014, respectively. Apart from ISO 9000 and ISO 14000, most TCC plants in Mainland China have also acquired OHSAS 18000 certification for the Occupational Health and Safety Assessment Series (OHSAS).

The efforts and involvement in environmental protection of our cement plants have thus earned us a number of awards of excellence in environmental protection from government agencies such as the EPA since 1994. Aside from the Distinguished Award at the ROC Enterprises Environmental Protection Award for three consecutive years from 2000, the Hualien Plant was awarded the Excellence in Voluntary GHG Reduction Award by the Industrial Development Bureau (IDB), MOEA, in 2009 and 2014. The Suao Plant was also awarded the Industrial Sustainable Excellence Award by the MOEA in 2003 and the Excellence in Voluntary GHG Reduction Award by the IDB in 2008 and 2019. The Ho-Ping Plant was awarded the Outstanding Energy-Saving

Manufacturer Award in 2004 and the Excellence in Voluntary GHG Reduction Award by the IDB in 2007. TCC has implemented the energy-saving and reduction of carbon for a long time, and strives for waste reduction and reuse of resources, with outstanding performances, the Company has won the Benchmark Enterprise Award for the Integration of Energy and Resources by the Industrial Development Bureau, MOEA in November 2011. Also, in December 2018, the Ho-Ping Plant has been evaluated as the "two-star grade for outstanding company in the evaluation of waste resources and circular economy" (the highest level) in the evaluation of waste resources and circular economy conducted by the Environmental Protection Administration, Executive Yuan. The cement produced in the Suao Plant and the Ho-Ping Plant was also awarded with the certificate of environmental label for the cement products from the Environmental Protection Administration in January 2019. Furthermore, on August 25, 2014, the Environmental Protection Administration approved the early stage of greenhouse reduction projects for 2000 to 2010, and the Company was granted the reduction quota of 6,413,344 tonnes, which accounted for 71.07% of the cement industry. Apart from acquiring the validation and verification for voluntary emission reduction (VER) and being awarded the verified carbon unit (VCU) in 2011 under the voluntary carbon standards (VCS, now voluntary verified standard) for using waste heat power generation, eight plants in Mainland China, including Yingde, Guigang, Jurong, Liaoning, Guangan, Anshun, Kaili, and Gangan have completed registration at the VCS platform of APX Inc.

In October 2001, we published the TCC Corporate Environmental Report with respect to the Sustainability Reporting Guidelines published in 2000 by the Global Reporting Initiative (GRI) to explain our performance in organizational management, environmental performance, and social engagement, in order to

share our entrepreneurial spirit in making continual improvements and innovations with the public. For the participation of sustainability activities, after winning five awards from the Taiwan Corporate Sustainability Awards (TCSA) in 2016-2018, in 2019 TCC was again recognized by the TCSA. In the Large Enterprise Group, TCC was ranked 15th, advancing two notches in comparison to 2018, and won eight awards in eight categories, including Innovative Growth, Talent Development, Social Inclusion, Circular Economy Leadership, and Climate Leadership, among other awards. This is the best performance of TCC ever in a year.

In membership of associations, currently we are a member of the Taiwan Cement Manufacturers' Association, Taiwan Marble Association, Chinese Institute of Mining & Metallurgical Engineers, Chinese National Federation of Industries, Chinese National Association of Industry and Commerce, and Taiwan Society for Circular Economy, with which we exchange environmental information. We also communicate with the government and academic or research institutions through such associations or directly. Apart from sharing our own knowhow, we gather the latest information from home and abroad for the reference of regulatory amendments by related authorities, in order to contribute to environmental protection and resource recycling.

(2) Investments in remediation for environmental protection

Adhering to the basic principle: One for All and All for One, TCC has spared no efforts in the past year to fulfill our responsibilities for the country and society. We have equipped the kilns #1 and #2 of the Hopping Plant completed in October 2000 and May 2001 with the low NO_x pre-heating system, burning equipment, and waste heat power generation system to effectively inhibit pollutants from the process to deliver better performance in energy conservation and waste reduction. In addition, we allocate a certain budget every year for equipment maintenance, performance improvement, and new facility installation, such as the new multistage combustion control equipment. Other than the accumulated NT\$10 billion investment to replace and add the environmental equipment, in 2019, we completed the modification of electrostatic precipitation into electric bag combined precipitation for the Ho-Ping Plant and Suao Plant. Besides controlling the PM emissions better than the increasingly stringent government standards, we aim to achieve ultra-low emissions and meet the highest EU and US standards, as well as modification of staged combustion in the pre-heating system of the Ho-Ping Plant and Suao Plant in 2020 to further reduce NO_x emissions, optimize pollution control and prevention.

In the last calendar year and by the date of this report publication, no losses (including compensation) or penalties on account of environmental pollution ever occurred in the cement sector of this Group.

(3) Focuses of future environmental work

- Enhance equipment operation management, staff training, equipment maintenance and repair, and improve the precipitation system to ensure the normal operation of all environmental equipment.
- Enhance environmental cleaning and wastewater treatment and drainage control, implement strict control of the waste disposal procedure, and enhance outsourced contractor management, proactively cleaning vehicles and tires, and plant environment greening.
- Renew and purchase equipment for controlling air pollution and water pollution as necessary, such as modifying the multistage combustion pre-heating system and procuring the chlorine bypass dust processing system for the Ho-Ping Plant and Suao Plant in Taiwan, procuring the multistage combustion of cement plants in Mainland China, setting up desulfurizers for some plants, application of electric bags, and discharging water after recycling waste heat for power generation, and recycling waste water after domestic use without discharge, in order to reduce environmental pollution.

Environmental budget of the cement sector in the next three years:

-Taiwan: NT\$278,590,000 for 2020, NT\$93,790,000 for 2021, and NT\$95,850,000 for 2022, totaling NT\$468,230,000.

-Mainland China: RMB680,490,000 for 2020, RMB 183,000,000 for 2021, RMB 171,130,000 for 2022, totaling RMB 1,034,620,000.

With such investments, we aim to achieve zero pollution.

- Continuously promote the integrated utilization of resources, to reduce the utilization of natural resources. Facilitate the electronics industry and the related industries, power plants, pulp and paper making, water purifying plants, waste incineration power plants, and steel mills to process their industrial waste materials. The efforts of TCC to promote the circular economy have won it the BS 8001 certification. The type I Portland cement produced in the Ho-Ping Plant and Suao Plant has been awarded an environmental cement gold medal. The low alkaline type I Portland cement and type II Portland cement produced in the Suao Plant also have been awarded an environmental cement silver medal. In the future, we will continue to extend to the optimization of quality, reduction of cement costs, expansion of the resources reuse, and collaborative process of domestic garbage and fly ash from waste incineration power plants by cement kilns. The phase I project of cement kilns for collaborative processing of solid and hazardous waste at the Guigang Plant, Guangzi Province has been

completed and has obtained the permit for hazardous waste treatment, the fly ash disposal incineration plant in Jurong is under construction and is expected to be completed by the end of 2020, as well as the environmental impact assessment of the Ho-Ping Plant's collaborative processing of the Hualien County general waste BOO project is in progress. TCC has been making its best efforts to fulfill the responsibility of maximum use of waste and reduction of emissions.

- Continue the carbon capture and microalgae carbon fixation collaborative research project with the Industry Technology Research Institution (ITRI).

Under the collaborative project, ITRI built a pilot plant with a capture capacity of 1 metric ton CO₂ per hour and completed its system trial run at the TCC Hopping Plant. As the world's largest carbon capture pilot plant, it realized the operation that used to be performed in laboratories or simulated on computers. In July 2014, the project won the 2014 R&D 100 Awards, winning the affirmation of a major international award.

Also, the test and technology verification of the new-generation 500kWt Integrated Steam Hydration and Cascade Cyclone Carbon Capture System were initiated in April 2017 for the reference of planning the optimal 10MWt demo system. Currently, the following targets have been achieved: calcination efficiency above 80%, hydration conversion rate above 25%, and capture efficiency above 90%. In 2018, we continued with the test of continuous operation and technology optimization of the 500kWt Integrated Steam Hydration and Cascade Cyclone Carbon Capture System, the development of the inactive limestone (absorbent) to high-purity precipitated calcium carbonate (PCC) recycling technology, and the design of the 10MW grade capture demo system. It currently continues on the technology verification and economic assessment of the new generation calcium looping system, the detailed design and planning of the 10MW demo system, and the equipment procurement specifications and EIA report, in the hope of striving toward the efforts of reducing the costs of carbon capture. TCC has currently applied for 31 patents under 15 categories for the Calcium-Looping technology for carbon capture.

We initiated the Outdoor Microalgae Carbon Fixation System and High Unit Price Microalgae Culture Collaborative Research Project with ITRI in September 2012 and won the 5th National Innovation Award and the 13th National Innovation Award. In 2017, we completed our strategic research on promoting algae growth with bioactive substances, the analysis of the patent map of biological carbon fixation technology, and the verification of the feasibility of producing acid through continuous carbon fixation with anaerobic microorganisms. In January 2017, we signed the service contract on the Extraction Process and Application Development for Astaxanthin from *Haematococcus pluvialis* with the Biomedical Technology and Device

Research Laboratories under ITRI, and the project was concluded at the end of 2018. We have preliminarily verified that the astaxanthin from *Haematococcus pluvialis* can relieve light induced retinal degeneration, protect A β induced nerve damage, and inhibit the LPS induced neuritis. On this basis, we have developed a skincare set and gift boxes of soba food. Through the products, we make the public feel the reduction of carbon, as the external communication. In 2019, with ITRI, TCC will continue the development of the high-efficiency growth mode of microalgae and the bionic applications, to enhance the production rate of carbon fixation microalgae $\geq 45\text{g}/\text{m}^2/\text{day}$ (lab) and the discussion of the high-efficiency outdoor culture microalgae, in order to develop a reference for high-efficiency outdoor culture of carbon fixation microalgae.

- Continue with soil and water conservation and greening of mineral mountains and support ecological conservation.

Soil and water conservation and ecological conservation are our major concerns. Therefore, we began greening in the mining areas of each plant in 1991. Our outstanding achievements were awarded the greening achievement and afforestation achievement awards by the Council of Agriculture (COA). To further landscape maintenance and soil and water conservation, we have specifically invested NT\$3.75 billion in building three shafts at the Hopping Plant with the latest Peal Platform Multistage Mining Shaft Transportation method. The shafts are fully underground, automated, and environmental to significantly enhance the performance. In platform mining, a 2-3m thick rock mass is retained on the side slope to prevent flooding from the peak. Besides greening the peak platform, we implemented the Residual Wall Greening and Reclamation Project in 2017 at the Ho-Ping Plant and the Dahan Institute of Technology in Hualien and on the basis of Mt. Taibai Mining Area Greening and Conservation Project at the Suao Plant with National Yilan University through industry-academia partnership. In 2019, we renewed the industry-academia contract with Yilan University to further verify full conservation results of the mined areas and make appropriate adjustments and improvements, in order to enhance the effectiveness of environmental protection and soil and water conservation.

Out of the love for homeland and nature, we practice environmental awareness through concrete conservation activities. From 1992, apart from sponsoring the production of ecological documentaries, including *A Century of Taiwan Wild Birds*, *In Search of Summer Birds: Taiwanese Terns*, *Collared Bush Robins*, *World of Formosan Rock Macaques*, and so on, we embarked on the ecological research of the black-faced spoonbill, a rare species in the world. By doing so, we hope to set an example to reawaken the public, businesses, and the government to realize

the importance of ecological conservation to daily life quality, in order to implement ecological conservation across society. All documentaries have earned critical feedback from society.

5.4.2 Chemical engineering sector

Regarding environmental protection, total expenditures in the recent three years were NT\$120 million. The focuses were on the renovation of boilers, and replacing fuel with natural gas. CO₂ emissions were reduced by 32,000 tonnes, zero emissions for sulphur oxides, and the reduction of nitrogen oxides emissions totaled 85 tonnes. In March 2019, the ISO 45001 Occupational Health and Safety Management System Certificate was obtained. The projects in progress for 2019 include the coating of ceramic resin on the pump impellers, and the introduction of energy-saving fans and lights. It is expected to save power consumption over 1.67MW. In the last calendar year and up to the date of this report publication, the chemical engineering sector's total losses (including compensation) and penalties from the isopropylbenzene reactor, BPA packaging machine and other environmental pollution was NT\$3,240,000.

Date of penalty	Violations
January 2019 ~ February 2020	Article 31 & 36 of the Waste Disposal Act
	Article 38 of the Soil and Groundwater Pollution Remediation Act
	Article 18 of the Water Pollution Control Act
	Article 20 & 23 & 24 & 32 of the Air Pollution Control Act

Responsive measures are as follows:

(1)When M01 A001(CEMS) flare tower has reached the use (>15000M³/ day), the competent authority must be notified within an hour and the heat value during use must reach 12MJ / Nm³ or more. Education and training course, and daily drills have been put in force; also, for the period of actual operation of flare tower that did not match the application, it has been handled with changes of flare tower use plan.

(2)As regards to the waste storage and the report that did not comply with the Industrial Waste Disposal Plan, the environmental team carried out another inspections on the waste storage method and calculated the its amount within the plant. Modification of the Industrial Waste Disposal Plan has been applied and approval from the Environmental Protection Bureau has been obtained. As regards to the sludge drying field, the environmental protection team has made modification of water measures plan and obtained approval from the Environmental Protection Bureau.

(3)The equipment components of M01, M02, M03 and M07 that had a leak have been repaired and after re-inspection, the leaks were all repaired. In addition to implementing the VOCs autonomous management plan, thorough inspections will be carried out by colleagues at the plant. The 2 newcomers of the environmental protection team will enhance its VOCs inspection as well as the routine leak inspection, leak detection and the department of the workplace must be notified immediately in the event of a leak.

(4)CHP fire accidents related improvement measures, such as gasket replacement according to life cycle, maintenance and repair of steam pipeline insulation, change of lighting fixture type, revision of airtight test SOP, enhancement of VOC detection on equipment components over tower tank, addition of cumene leak detector, addition of high-altitude fire water cannons, etc.

(5)Kaohsiung City Government Environmental Protection Bureau has approved the Soil and Groundwater Pollution Control Plan for the Company's Linyuan Plant. Relevant control measures and remediation works shall be carried out according to the approved pollution control plan.

5.4.3 Electricity sector

(1)In the last calendar year and up to the date of this publication, the total amount of losses (including compensation) and penalties for pollution were: The Hualien Environmental Protection Bureau levied a fine of NT\$60,000 in February 2020 due to water discharge exceeding the discharge standard, which violated the Water Pollution Prevention Control Act. Currently, the electricity sector carried out improvement measures for more efficient wastewater treatment.

(2)Explanation of the measures (including improvement measures) and possible disbursements to be made in the future (including an estimate of losses, fines, and compensation resulting from any failure to adopt responsive measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible).

Countermeasures:

To continuously implement the improvement of environmental protection, apart from maintaining the normal operations of the pollution prevention equipment, and plan to implement the Air Quality Control System (AQCS) for project improvement and for better wastewater treatment efficiency. We have hired professional consulting companies, academic institutions, and EPA-certified laboratories to implement environmental quality monitoring, near water marine ecology surveys, and plant stacks and effluent examinations either monthly or quarterly during plant operations. It is estimated that the environmental

expenditures in the next three years will be about NT\$3.215 billion.

The environmental and remediation expenditures for the coal-fired power plant include:

- Construction of the indoor coal storage to store and transport coal in a fully sealed conveyor system to eliminate fugitive coal dust pollution and coal water pollution.
- Fully sealed transportation of all materials and by-products to prevent pollution.
- Recycling coal ash from the power plant into ingredients of cement manufacturing or additives of cement products in the neighborhood of the Ho-Ping Cement Plant, without the need for disposal in the ash pond or sea to prevent marine pollution.
- Installation of an electrostatic precipitator, wet limestone/gypsum FGD equipment, and selective catalyst reduction equipment, to reduce PM intensity to below 20mg/m² (regulatory standard: 20mg/m²), SO_x intensity to below 50 ppm (regulatory standard 60 ppm), NO_x intensity to 50 ppm (regulatory standard 70 ppm), and installation of 250m-tall flue stacks to facilitate dispersion.
- Warm water drainage, noise control, and wastewater treatment are strictly controlled to meet the latest national environmental standards.
- Addition of the physical and chemical treatment unit for the wastewater treatment plant to improve the efficiency of wastewater treatment and reduce effluent concentration.

5.5 Labor-management relations

Benefits offered by TCC and the Employee Welfare Committee (EWC) include: National Health Insurance, Labor Insurance, group insurance, EWC savings trust, scholarships for children's education, remedial education allowances, physical examination allowances, travel allowance, marriage cash gifts, birth allowances funeral allowances for employees and dependents, cash gifts for four major festivals, and birthday cash gifts.

To cultivate talents in fulfilling the work requirements and enhance work efficiency, we organize education and training activities with respect to the Education and Training Implementation Regulations. These activities include management and professional competence development courses or external training at other training institutions and schools. In 2019, we organized

118,592 hours of education and training, with a total expense of NT\$27,878,900.

Apart from establishing the Pension Reserve Supervisory Committee (PRSC) and contributing periodically to pensions of the Bank of Taiwan Co., Ltd. (formerly Central Trust Bureau) by law, we hold regular committee meetings to audit pension contributions and utilization, in order to protect the rights and interests of employees. In addition, for employees selecting the pension system under the Labor Pension Act, we contribute pensions to the employee's personal account at the Bureau of Labor Insurance every month to maintain the rights and interests of employees.

For the last calendar year and up to the date of this publication, TCC has reported no significant losses from labor-management dispute.

5.6 Important contracts

Type of Contract	Client	Contract Term	Description	Limitations
New cement carrier contract	CARDINAL MARITIME S.A.	November 2015 to the delivery date in 2019	New cement carrier contract	Payment as scheduled
New cement carrier loading/unloading equipment contract	SUPERO SEIKI Co., Ltd.	November 2013 to the delivery date in 2019	New cement carrier loading/unloading equipment contract	Payment as scheduled
New bulk carrier contract	SUMITOMO CORPORATION	December 2015 to the delivery date in 2019	New bulk carrier contract	Payment as scheduled
New bulk carrier contract	SUMITOMO CORPORATION	September 2019 to the delivery date in	New bulk carrier contract	Payment as scheduled
Power procurement/sale contract	Taiwan Power Company	August 4, 1998 to June 29, 2027	Electricity purchase and sales	No significant limitation terms
Power plant long-term service contract	GE Power	July 1, 2008 to June 30, 2020	Power plant maintenance and repair services	No significant limitation terms
Coal procurement	Pt. Indominco	January 1, 2005 to December 31, 2020	Coal procurement	No significant limitation terms
	Yancoal	February 1, 2018 to December 31, 2020		
	Glencore	March 1, 2020 to May 31, 2020		
Fuel coal transportation contract	NYK	April 1, 2011 to March 31, 2023	Fuel coal transportation	No significant limitation terms
	Bocimar	April 1, 2011 to March 31, 2026		
	Norden	April 1, 2011 to March 31, 2026		
Syndication loan agreement	Bank of Taiwan as Agent Bank with ten other banks as lenders	February 11, 2014 to February 11, 2019	Financing the operation of power plants	Maintenance of a steady financial ratio
Insurance policy	Property insurers including Cathay Century, Shin Kong, Fubon, Hwa Nan, First Insurance, Tokio Marine Nawa, Chung Kuo Insurance, Union Insurance, and Nan Shan General Insurance	December 31, 2019 to December 31, 2020	Power plant assets and operations insurance	No significant limitation terms
Hoping Plant Maintenance and Repair Service Contract	Taiwan Power Company	January 30, 2014 to February 14, 2020	Overhaul and inspection/repair of generation sets	No significant limitation terms
Construction contract for the efficiency improvement of low-pressure steam turbines of the second generator	GE Power	November 8, 2019 to April 30, 2023	Efficiency improvement of low-pressure steam turbine	No significant limitation terms
Construction contract for the improvement of air pollution control device of the second generator(AQCS)	CTCI	February 4, 2020 to July 31, 2024	Improvement of air pollution control devices	No significant limitation terms
Syndication loan agreement	Consortium led by the Mega International Bank	March 2, 2015 to March 2, 2020	Five-year term	Maintenance of a steady financial ratio
Syndication loan agreement	Consortium led by the Hwa Nan Bank	September 22, 2016 to September 22, 2021	Five-year term	Maintenance of a steady financial ratio

Type of Contract	Client	Contract Term	Description	Limitations
Syndication loan agreement	Consortium led by the Mega International Bank	September 16, 2014 to September 16, 2019	Five-year term	Maintenance of a steady financial ratio
Syndication loan agreement	Consortium led by the Mega International Bank	March 8, 2018 to March 8, 2023	Five-year term	Maintenance of a steady financial ratio
Syndication loan agreement	Consortium led by the China Trust Commercial Bank	November 16, 2018 to November 16, 2023	Five-year term	Maintenance of a steady financial ratio
Syndication loan agreement	Consortium led by the China Trust Commercial Bank	December 7, 2018 to December 7, 2025	Seven-year term	Maintenance of a steady financial ratio
Purchase agreement	JP Morgan Securities plc	November 26, 2018 to November 26, 2023	Subscription Agreement for Overseas Convertible Corporate Bonds	NA
Indenture	Citicorp International Limited	December 10, 2018 to December 10, 2023	Agreement for Custody of Overseas Convertible Corporate Bonds	NA
Sublicense Agreement	Compagnia Tecnica Internazionale Progetti S.P.A	Commencing on August 8, 1994, without and ending date.	Cyclohexanone Process Patent	Confidentiality Term Permanent
EM-5100 Catalyst and EM-5510 Catalyst Lease Agreement	ExxonMobil Catalyst Technologies LIC	August 1, 2004 to August 1, 2019	Placement fees and periodic fees	NA
Cumene Process and Technology License Agreement	Badger Licensing LLC	October 22, 2004 to October 21, 2019	Isopropylbenzene and zeolite catalyst process patent	The confidentiality term is permanently effective.
License and Basic Engineering Agreement	Huntsman Petrochemical Corporation	Commencing on December 4, 2006, without the ending date	Maleic anhydride process patent	The confidentiality term is permanently effective.
Raw material procurement	CPC Taiwan	January 1, 2020 to December 31, 2020	Benzene, acetone, and hydrogen gas procurement	Non-transferrable
Raw material procurement	China Steel Chemical	January 1, 2020 to December 31, 2020	Purchase of benzene	NA
Raw material procurement	Formosa Petrochemical Corporation	January 1, 2020 to December 31, 2020	Purchase of U-butaine	Not for energy, no resale
Construction contract	Chunghwa Telecom Co., Ltd.	December 2017 to June 2019	Construction of Phase II solar power plant in Chang-Bin	Payment as scheduled
Construction contract	Star Energy Corporation	November 2017 to January 2020	Construction of Phase I solar power plant in Chang-Bin	Payment as scheduled
Procurement contract	Vestas Asia Pacific A/S	April 2019 to completed testing	Procurement of wind turbine for the Wind Power Plant in Changhua	Payment as scheduled
Construction land use right assignment contract	Xiaoshan Branch of the Hangzhou Bureau of Planning and Natural Resources	May 6, 2019 to June 17, 2059	Land use right assignment	Commence construction before June 18, 2020, complete the construction before June 18, 2023
Construction engineering contract	China Construction Eighth Engineering Division Co., Ltd.	November 22, 2019 to completed construction	Construction project of piles and enclosing piles for TCC's Hangzhou Environmental Protection Technology Head Office	Payment as scheduled
Engineering design construction supervision contract	HOY Architects & Associates	2019/12/30 ~ 180 calendar days after receiving the license	Architectural design and key supervision services for the new construction of Taipei plant	Payment as scheduled

Financial Position

6.1 Condensed statements of assets and liabilities and comprehensive income and loss statements of the past five years

1. Condensed consolidated assets and liabilities statement

expressed in NT\$ thousands

Item		Year	Financial Information Over the Past Five Years (Note 1)				
			2019	2018	2017	2016	2015
Current assets			118,145,990	110,380,695	92,719,914	77,884,012	90,593,376
Property, plant and equipment			89,881,319	91,093,825	94,709,404	101,799,766	113,310,134
Intangible assets			19,656,118	20,427,352	20,852,624	21,175,282	22,607,552
Other assets			139,798,958	122,183,246	64,275,107	66,129,636	66,555,293
Total assets			367,482,385	344,085,118	272,557,049	266,988,696	293,066,355
Current liabilities	Before allocation		66,532,743	64,503,844	65,192,960	55,104,919	68,083,832
	After allocation		Note 2	81,378,430	71,553,724	60,458,574	72,994,426
Non-current liabilities			92,487,775	82,201,818	54,716,873	64,487,106	69,498,271
Total liabilities	Before allocation		159,020,518	146,705,662	119,909,833	119,592,025	137,582,103
	After allocation		Note 2	163,580,248	126,270,597	124,945,680	142,492,697
Equity attributed to owners of the parent company			193,684,068	181,541,510	136,348,204	106,768,051	108,042,985
Share capital			56,656,192	53,080,599	42,465,090	36,921,759	36,921,759
Capital Surplus			48,015,947	47,836,241	25,739,065	13,534,162	12,309,615
Retained earnings	Before allocation		65,626,033	61,588,761	49,019,510	47,337,524	45,573,057
	After allocation		Note 2	41,138,582	38,418,237	41,983,869	40,662,463
Other equity			23,734,855	19,038,454	19,124,539	8,974,606	13,238,554
Treasury stock			(348,959)	(2,545)	-	-	-
Non-control equity			14,777,799	15,837,946	16,299,012	40,628,620	47,441,267
Total equity	Before allocation		208,461,867	197,379,456	152,647,216	147,396,671	155,484,252
	After allocation		Note 2	180,504,870	146,286,452	142,043,016	150,573,658

1. The financial information has been audited and certified by CPAs.

2. The proposal on 2019 profit distribution is pending for resolution by the AGM.

2. Condensed Consolidated Statements of Comprehensive Income and Losses

expressed in NT\$ thousands, except for EPS expressed in NT\$

Item \ Year	Financial Information Over the Past Five Years (Note 1)				
	2019	2018	2017	2016	2015
Revenue	122,783,014	124,594,602	98,311,776	89,564,306	93,679,076
Gross profit	35,910,255	33,591,539	18,912,914	17,981,004	14,528,017
Profit /loss from operations	30,156,721	28,180,901	13,962,885	13,034,136	9,673,699
Non-operating income and expenses	2,476,698	2,363,520	(138,226)	(1,518,801)	(1,007,684)
Pre-tax Profit	32,633,419	30,544,421	13,824,659	11,515,335	8,666,015
Profit from continuing operations Net profit	25,455,090	22,644,071	10,322,800	8,842,075	6,925,626
Loss of discontinued operations	-	-	-	-	-
Net profit	25,455,090	22,644,071	10,322,800	8,842,075	6,925,626
Other comprehensive income /loss (net amount after tax)	5,024,759	(2,936,676)	9,976,772	(6,987,714)	(7,518,044)
Total comprehensive income/loss	30,479,849	19,707,395	20,299,572	1,854,361	(592,418)
Net profit attributed to the owner of parent company	24,211,081	21,180,821	7,594,247	6,358,452	5,775,989
Net profit attributed to non-control equity	1,244,009	1,463,250	2,728,553	2,483,623	1,149,637
Total comprehensive income /loss attributed to the owner of parent company	29,178,084	18,245,179	17,775,812	2,411,113	(806,454)
Total comprehensive income/loss attributed to non-control equity	1,301,765	1,462,216	2,523,760	(556,752)	214,036
EPS (Note 2)	4.43	4.08	1.73	1.46	1.33

1. The financial information has been audited and certified by CPAs.

2. Calculated based on the outstanding weighted average of shares for each year. Retrospective adjustment of earnings per share for the previous year due to stock dividends.

3. Condensed Individual assets/liabilities statement

expressed in NT\$ thousands

Item		Year	Financial Information Over the Past Five Years (Note 1)				
			2019	2018	2017	2016	2015
Current assets			17,669,898	21,170,918	9,912,028	8,006,764	8,697,661
Property, plant and equipment			26,864,808	27,007,306	27,577,177	28,064,674	28,635,070
Intangible assets			10,711	10,711	21,394	69,359	105,600
Other assets			244,330,544	215,271,048	125,178,129	96,318,761	98,246,219
Total assets			288,875,961	263,459,983	162,688,728	132,459,558	135,684,550
Current liabilities	Before allocation		20,510,314	18,483,895	20,929,218	13,036,677	11,719,056
	After allocation	Note 2		35,358,481	27,289,982	18,390,332	16,629,650
Non-current liabilities			74,681,579	63,434,578	5,411,306	12,654,830	15,922,509
Total liabilities	Before allocation		95,191,893	81,918,473	26,340,524	25,691,507	27,641,565
	After allocation	Note 2		98,793,059	32,701,288	31,045,162	32,552,159
Share capital			56,656,192	53,080,599	42,465,090	36,921,759	36,921,759
Capital Surplus			48,015,947	47,836,241	25,739,065	13,534,162	12,309,615
Retained earnings	Before allocation		65,626,033	61,588,761	49,019,510	47,337,524	45,573,057
	After allocation	Note 2		41,138,582	38,418,237	41,983,869	40,662,463
Other equity			23,734,855	19,038,454	19,124,539	8,974,606	13,238,554
Treasury stock			(348,959)	(2,545)	-	-	-
Total equity	Before allocation		193,684,068	181,541,510	136,348,204	106,768,051	108,042,985
	After allocation	Note 2		164,666,924	129,987,440	101,414,396	103,132,391

1. The financial information has been audited and certified by CPAs.
2. The proposal on 2019 profit distribution is pending resolution by the AGM.

4. Condensed Individual Statements of Comprehensive Income/Loss

expressed in NT\$ thousands, except for EPS expressed in NT\$

Item	Year	Financial Information Over the Past Five Years (Note 1)				
		2019	2018	2017	2016	2015
Revenue		19,265,728	17,057,945	16,215,877	17,218,999	20,567,560
Gross profit		1,824,021	1,378,936	1,715,225	2,138,762	2,223,512
Profit/loss from operations		297,838	192,868	895,292	1,275,775	1,473,255
Non-operating income and expenses		23,913,527	21,067,007	6,908,006	5,259,947	4,461,334
Pre-tax profit		24,211,365	21,259,875	7,803,298	6,535,722	5,934,589
Profit from continuing operations Net profit		24,211,081	21,180,821	7,594,247	6,358,452	5,775,989
Loss of discontinued operations		-	-	-	-	-
Net profit		24,211,081	21,180,821	7,594,247	6,358,452	5,775,989
Other comprehensive income/loss (net amount after tax)		4,967,003	(2,935,642)	10,181,565	(3,947,339)	(6,582,443)
Total comprehensive income/loss		29,178,084	18,245,179	17,775,812	2,411,113	(806,454)
EPS (Note 2)		4.43	4.08	1.73	1.46	1.33

1. The financial information has been audited and certified by CPAs.

2. Calculated based on the outstanding weighted average of shares for each year. Retrospective adjustment of earnings per share for the previous year due to stock dividends.

5. Independent auditors' names and their audit opinions for the past five years:

(1) Names of CPAs in the past five years:

Year	Name of CPA	Opinion of Audit
2019	Ya-ling Wong and Chih-Ming Shao	No reservations in opinion
2018	Ya-ling Wong and Chih-Ming Shao	No reservations in opinion
2017	Ya-ling Wong and Chih-Ming Shao	No reservations in opinion
2016	Ya-ling Wong and Chih-Ming Shao	No reservations in opinion
2015	Ya-ling Wong and Mei-hui Wu	No reservations in opinion

(2) CPA changed in 2016 in coordination to the job rotation of the CPA firm.

(3) Deloitte & Touche Taipei, Taiwan Republic of China

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TEL:2725-9988 (Rep.)

6.2 Important financial ratio analysis

1. Consolidated financial ratio analysis

Subject		Year	Financial Analysis for the Past Five Years (Note 1)				
		2019	2018	2017	2016	2015	
Financial structure (%)	Liabilities to assets ratio	43.27	42.64	43.99	44.79	46.95	
	Long-term capital to property, plant and equipment ratio	334.83	306.92	218.95	208.14	198.55	
Solvency	Current ratio (%)	177.58	171.12	142.22	141.34	133.06	
	Quick ratio (%)	164.66	155.85	128.72	124.52	119.28	
	Interest coverage ratio (times)	18.36	14.21	8.92	7.58	6.07	
Operations	Accounts receivable turnover (times)	3.12	3.80	4.16	4.46	4.01	
	Average collection period	116.98	96.05	87.74	81.83	91.02	
	Inventory turnover (times)	9.87	10.21	9.21	8.03	8.15	
	Accounts payable turnover (times)	11.40	11.67	10.27	9.70	11.03	
	Average daily sales	36.98	35.74	39.63	45.45	44.79	
	Property, plant and equipment turnover (times)	1.36	1.34	1.00	0.83	0.84	
	Total assets turnover (times)	0.35	0.40	0.36	0.32	0.32	
Profitability	Return on assets (%) (ROA)	7.58	7.94	4.36	3.68	2.85	
	Return on equity (%) (ROE)	12.54	12.94	6.88	5.84	4.36	
	Net income before tax as a percentage of paid-in capital (%)	57.60	57.54	32.56	31.19	23.47	
	Net profit rate (%)	20.73	18.17	10.50	9.87	7.39	
	EPS (NT\$) (Note 2)	4.43	4.08	1.73	1.46	1.33	
Cash flow	Cash flow ratio (%)	43.39	34.34	18.88	34.03	31.97	
	Cash flow adequacy ratio (%)	81.43	80.90	116.16	124.56	109.73	
	Cash reinvestment ratio (%)	2.48	3.68	1.57	3.87	3.19	
Leverage	Operations leverage	1.43	1.42	1.82	1.92	2.27	
	Financial leverage	1.07	1.09	1.14	1.15	1.21	

1. Increase in interest coverage ratio: It is mainly because of the reduction of interest expenses caused by loan repayment in 2019.

2. Increase in average collection period: It is mainly because of the increase in accounts receivable on December 31, 2019.

3. Increase in cash flow ratio: It is mainly because of the increase in the inflow of net cash from operating activities of 2019.

4. Decrease in cash reinvestment ratio: Mainly because of increase in dividend distribution by cash in 2019.

1. The financial information has been audited and certified by CPAs.

2. Retrospective adjustment of earnings per share for the previous year due to stock dividends.

2. Analysis of individual financial ratio

Subject		Year	Financial Analysis for the Past Five Years (Note 1)				
		2019	2018	2017	2016	2015	
Financial structure (%)	Liabilities to assets ratio	32.95	31.09	16.19	19.40	20.37	
	Long-term capital to property, plant and equipment ratio	998.95	907.07	514.05	425.53	432.91	
Solvency	Current ratio (%)	86.15	114.54	47.36	61.42	74.22	
	Quick ratio (%)	79.03	106.96	39.33	49.71	60.02	
	Interest coverage ratio (times)	19.70	47.29	39.30	28.49	25.85	
Operations	Accounts receivable turnover (times)	4.04	4.27	4.44	4.36	4.67	
	Average collection period	90.34	85.48	82.20	83.71	78.15	
	Inventory turnover (times)	12.39	10.29	9.22	9.71	11.79	
	Accounts payable turnover (times)	10.00	8.99	8.87	9.36	11.59	
	Average daily sales	29.45	35.47	39.58	37.59	30.95	
	Property, plant and equipment turnover (times)	0.71	0.62	0.58	0.61	0.71	
	Total assets turnover (times)	0.07	0.08	0.11	0.13	0.15	
Profitability	Return on assets (%) (ROA)	9.14	10.11	5.26	4.89	4.29	
	Return on equity (%) (ROE)	12.90	13.33	6.25	5.92	5.11	
	Net income before tax as a percentage of paid-in capital (%)	42.73	40.05	18.38	17.70	16.07	
	Net profit rate (%)	126.61	124.74	46.83	36.93	28.08	
	EPS (NT\$) (Note 2)	4.43	4.08	1.73	1.46	1.33	
Cash flow	Cash flow ratio (%)	0.40	4.45	4.27	19.41	20.14	
	Cash flow adequacy ratio (%)	5.55	7.17	19.49	24.75	34.74	
	Cash reinvestment ratio (%)	(5.61)	(2.01)	(2.53)	(1.55)	(4.34)	
Leverage	Operations leverage	9.10	9.89	2.56	2.24	2.14	
	Financial leverage	(0.30)	(0.72)	1.29	1.23	1.19	

1. Reduction of current ratio and quick ratio: Mainly due to the reduction of cash equivalents and the increase in short-term borrowings in 2019.
2. Reduction of interest coverage ratio: It is mainly because of the increase in interest expenses for corporate bonds and bank loans in 2019.
3. Increase in inventory turnover ratio: It is mainly because of the increase in cost of goods sold in 2019.
4. Reduction of cash flow ratio: It is mainly because of the reduction of net cash flow of operating activities of 2019.
5. Reduction of cash adequacy ratio and cash reinvestment ratio: It is mainly because of the reduction of net cash flow of operating activities and increase in dividend distribution by cash in 2019.
6. Increased financial leverage ratio: It is mainly because of the increase in interest expenses for corporate bonds and bank loans in 2019.

1. The financial information has been audited and certified by CPAs.
2. Retrospective adjustment of earnings per share for the previous year due to stock dividends.

Note: The equations for calculation in financial analysis.

[I] Financial structure

- (1) Liabilities to assets ratio = Total liabilities/ Total assets
- (2) Long-term capital to PP&E ratio = (Gross shareholder's equity + Non-current liabilities) / Net PP&E

[II] Solvency

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets – Inventory – Prepayments) / Current liabilities
- (3) Interest coverage ratio = EBIT / Interest expense for current period

[III] Operations

- (1) Account receivable (including account receivable and note receivable from operation) turnover = Net revenue / Balance of average account receivable (including account receivable and note receivable from operation)
- (2) Average collection period = 365 / Account receivable turnover
- (3) Inventory turnover = Cost of goods sold / Average inventory
- (4) Account payable (including account payable and note payable from operation) turnover = Cost of goods sold / Balance of average account payable (including account payable and note payable from operation)
- (5) Average daily sales = 365 / Inventory turnover
- (6) PP&E turnover = Net revenue / Average Net PP&E
- (7) Total assets turnover = Net revenue / Average total assets

[IV] Profitability

- (1) ROA = [Profit(loss) after tax + Interest expenses x (1-tax rate)] / Average total assets
- (2) ROE = Profit(Loss) after tax / Average equity
- (3) Net income before tax as a percentage of paid-in capital = pre-tax profit / Paid-in Capital
- (4) Net profit rate = Profit(Loss) after tax / Net revenue
- (5) EPS = (Net profit attributable to owners of the parent – dividend from preferred shares) / Weighted average number of outstanding shares

[V] Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (Capital expenditure + Increases in inventory + Cash dividends) over the past five years
- (3) Cash reinvestment ratio = (Net cash flow from operating activities – Cash dividends) / (Gross PP&E + Long-term investments + Other non-current assets + Working capital)

[VI] Leverage

- (1) Operations leverage = (Net revenue – Variable cost and expenses from operations) / Operating profit
- (2) Financial leverage = Operating profit / (Operating profit - interest expenses)

6.3 Audit Committee's report on financial statements

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and proposal for earnings distribution. The CPA firm of Deloitte & Touche was retained to audit TCC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal for earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Cement Corporation. According to Article 14-4 of the Security Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To
Taiwan Cement Corporation
2020 Annual General Meeting



Taiwan Cement Corporation
Audit Committee convener: Victor Wang
March 20, 2020

6.4 Consolidated financial statements of the previous year

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cement Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2019 is as follows:

Revenue Recognition of Cement Sales

The Group is mainly engaged in the production and sale of various cement and cement products. Revenue from the sale of cement fluctuates frequently due to changes in raw material prices, market supply and demand and the economic environment; in addition, related revenue is recognized at the point in time when the customer collects the cement and all the risks and rewards of the product have been transferred to the customer. Therefore, the validity of revenue recognition of cement sales is considered a key audit matter for the year ended December 31, 2019. Our main audit procedures performed in respect of the aforesaid key audit matter include understanding and testing the design and operating effectiveness of the internal controls related to the revenue from cement sales, and random inspection of the contracts, factory orders and delivery documents from the sales details and testing the collection information of the samples before the end of the reporting period, in order to verify the validity of revenue recognition of cement sales.

Other Matter

We have also audited the parent company only financial statements of Taiwan Cement Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Ya-Ling Wong

Chih-ming, Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 53,572,620	15	\$ 48,507,889	14
Financial assets at fair value through profit or loss (Notes 4, 7 and 30)	502,005	-	549,838	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 30 and 32)	7,180,745	2	6,334,259	2
Financial assets at amortized cost (Notes 4, 6, 30 and 32)	4,745,911	1	2,664,157	1
Notes receivable (Notes 4 and 9)	31,258,167	9	29,748,544	9
Accounts receivable (Notes 4, 9, 10 and 32)	8,838,553	2	8,216,174	2
Notes and accounts receivable from related parties (Notes 4 and 31)	300,000	-	271,618	-
Other receivables (Notes 4 and 25)	913,545	-	955,814	-
Inventories (Notes 4 and 11)	8,132,977	2	9,464,303	3
Prepayments (Note 18)	1,790,795	1	3,034,021	1
Other current assets (Notes 13 and 31)	910,672	-	634,078	-
Total current assets	118,145,990	32	110,380,695	32
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8, 30 and 32)	36,120,339	10	25,792,169	8
Financial assets at amortized cost (Notes 4, 30 and 32)	984,716	-	470,199	-
Investments accounted for by using the equity method (Notes 4, 13 and 32)	47,631,870	13	46,247,974	13
Property, plant and equipment (Notes 4, 14, 24 and 32)	89,881,319	24	91,093,825	26
Right-of-use assets (Notes 4, 15, 18, 24 and 31)	12,734,286	4	-	-
Investment properties (Notes 4, 16, 24 and 32)	6,322,209	2	6,344,460	2
Intangible assets (Notes 4, 17 and 24)	19,656,118	5	20,427,352	6
Prepayments for property, plant and equipment (Note 14)	2,992,315	1	2,624,195	1
Long-term lease receivables (Notes 4, 10 and 32)	-	-	30,951,796	9
Long-term finance lease receivables (Notes 4 and 10)	29,253,336	8	-	-
Net defined benefit asset (Notes 4 and 22)	1,434,342	-	999,648	-
Long-term prepayments for leases (Note 18)	-	-	6,584,246	2
Other non-current assets (Notes 4 and 25)	2,325,545	1	2,168,559	1
Total non-current assets	249,336,395	68	233,704,423	68
TOTAL	\$ 367,482,385	100	\$ 344,085,118	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 19, 28 and 32)	\$ 30,445,048	8	\$ 26,226,051	8
Short-term bills payable (Note 19)	5,875,398	2	7,402,214	2
Financial liabilities at fair value through profit or loss (Notes 4, 7, 20 and 30)	-	-	139,460	-
Contract liabilities	5,041,554	1	5,114,644	2
Notes and accounts payable (Note 31)	7,427,013	2	7,808,921	2
Other payables (Notes 21, 31 and 33)	11,225,404	3	11,683,170	3
Current income tax liabilities (Notes 4 and 25)	4,443,343	1	4,090,640	1
Lease liabilities (Notes 4 and 15)	416,346	-	-	-
Long-term loans - current portion (Notes 19, 28 and 32)	1,624,138	1	1,923,945	1
Other current liabilities	34,499	-	114,799	-
Total current liabilities	66,532,743	18	64,503,844	19
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	35,699,778	10	22,777,693	7
Long-term loans (Notes 19, 28 and 32)	30,553,035	8	24,631,973	7
Lease liabilities (Notes 4 and 15)	2,073,806	1	-	-
Deferred income tax liabilities (Notes 4 and 25)	11,588,934	3	11,326,154	3
Long-term bills payable (Note 19)	11,800,966	3	22,476,880	7
Net defined benefit liabilities (Notes 4 and 22)	97,401	-	210,515	-
Other non-current liabilities	673,855	-	778,603	-
Total non-current liabilities	92,487,775	25	82,201,818	24
Total liabilities	159,020,518	43	146,705,662	43
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 23 and 27)				
Share capital	56,656,192	15	53,080,599	15
Capital surplus	48,015,947	13	47,836,241	14
Retained earnings	65,626,033	18	61,588,761	18
Others	23,734,855	7	19,038,454	6
Treasury shares	(348,959)	-	(2,545)	-
Equity attributable to shareholders of the parent	193,684,068	53	181,541,510	53
NON-CONTROLLING INTERESTS (Notes 23 and 27)	14,777,799	4	15,837,946	4
Total equity	208,461,867	57	197,379,456	57
TOTAL	\$ 367,482,385	100	\$ 344,085,118	100

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 31)	\$ 122,783,014	100	\$ 124,594,602	100
OPERATING COSTS (Notes 4, 11, 24 and 31)	<u>86,872,759</u>	<u>71</u>	<u>91,003,063</u>	<u>73</u>
GROSS PROFIT	<u>35,910,255</u>	<u>29</u>	<u>33,591,539</u>	<u>27</u>
OPERATING EXPENSES (Notes 24 and 31)				
Marketing	1,013,114	-	901,611	1
General and administrative	4,699,672	4	4,485,361	4
Research and development	<u>40,748</u>	<u>-</u>	<u>23,666</u>	<u>-</u>
Total operating expenses	<u>5,753,534</u>	<u>4</u>	<u>5,410,638</u>	<u>5</u>
INCOME FROM OPERATIONS	<u>30,156,721</u>	<u>25</u>	<u>28,180,901</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 13)	2,509,388	2	2,263,413	2
Interest income (Note 4)	815,805	1	584,482	-
Dividend income (Note 4)	1,448,451	1	1,326,142	1
Other income (Note 24)	1,256,575	1	884,648	1
Finance costs (Notes 4 and 24)	(2,199,118)	(2)	(2,460,302)	(2)
Net loss on disposal of property, plant and equipment	(162,793)	-	(78,190)	-
Other expenses (Note 24)	(401,427)	-	(174,405)	-
Foreign exchange gains (losses), net	(15,399)	-	48,764	-
Impairment loss recognized on non-financial assets (Note 14)	<u>(774,784)</u>	<u>(1)</u>	<u>(31,032)</u>	<u>-</u>
Total non-operating income and expenses	<u>2,476,698</u>	<u>2</u>	<u>2,363,520</u>	<u>2</u>
INCOME BEFORE INCOME TAX	32,633,419	27	30,544,421	24
INCOME TAX EXPENSE (Notes 4 and 25)	<u>7,178,329</u>	<u>6</u>	<u>7,900,350</u>	<u>6</u>
NET INCOME	<u>25,455,090</u>	<u>21</u>	<u>22,644,071</u>	<u>18</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	\$ 402,890	-	\$ 93,286	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 23)	11,208,989	9	1,420,706	1
Share of other comprehensive income (loss) of associates and joint ventures (Note 23)	163,201	-	(168,150)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(80,567)</u>	<u>-</u>	<u>(26,091)</u>	<u>-</u>
	<u>11,694,513</u>	<u>9</u>	<u>1,319,751</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 23)	(4,792,103)	(4)	(3,973,489)	(3)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method (Note 23)	(1,877,651)	(1)	(284,799)	-
Income tax expense related to items that may be reclassified subsequently to profit or loss (Note 25)	<u>-</u>	<u>-</u>	<u>1,861</u>	<u>-</u>
	<u>(6,669,754)</u>	<u>(5)</u>	<u>(4,256,427)</u>	<u>(3)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>5,024,759</u>	<u>4</u>	<u>(2,936,676)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 30,479,849</u>	<u>25</u>	<u>\$ 19,707,395</u>	<u>16</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 24,211,081	20	\$ 21,180,821	17
Non-controlling interests	<u>1,244,009</u>	<u>1</u>	<u>1,463,250</u>	<u>1</u>
	<u>\$ 25,455,090</u>	<u>21</u>	<u>\$ 22,644,071</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 29,178,084	24	\$ 18,245,179	15
Non-controlling interests	<u>1,301,765</u>	<u>1</u>	<u>1,462,216</u>	<u>1</u>
	<u>\$ 30,479,849</u>	<u>25</u>	<u>\$ 19,707,395</u>	<u>16</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<u>Income Attributable to Shareholders of the Parent</u>	
	<u>2019</u>	<u>2018</u>
EARNINGS PER SHARE (Note 26)		
Basic earnings per share	<u>\$4.43</u>	<u>\$4.08</u>
Diluted earnings per share	<u>\$4.25</u>	<u>\$4.08</u>

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018
 (In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings		Unrealized Gain on Foreign Exchange		Unrealized Gain on Other Instruments		Treasury Shares	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Preferred Shares	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Difference in Translating Foreign Operations	Unrealized Gain/Loss on Financial Assets	Gain/Loss on Other Instruments				
BALANCE AT JANUARY 1, 2018	\$ 42,863,000	\$ -	\$ 14,021,109	\$ 11,809,035	\$ 21,044,766	\$ (798,475)	\$ (1,971,064)	\$ -	\$ -	\$ 135,348,234	\$ 16,399,032	\$ 152,647,266
Adjustment on initial application of IFRS 9	-	-	-	-	65,022	-	(1,024,811)	24,138,811	-	4,877,182	16,302	19,561,443
BALANCE AT JANUARY 1, 2018 AFTER THE EFFECT OF ADJUSTMENT TO IFRS 9	42,863,000	-	14,021,109	11,809,035	21,109,788	(798,475)	(1,971,064)	24,138,811	-	140,225,416	16,318,334	156,543,750
Appropriation at 2017 earnings	-	-	739,425	-	(229,427)	-	-	-	-	(6,362,764)	-	(6,362,764)
Cash dividend distributed by the Corporation	3,265,000	-	-	-	(3,265,000)	-	-	-	-	(2,735,986)	-	(2,735,986)
Cash dividend distributed by subsidiaries	-	-	-	-	-	-	-	-	-	1,481,270	-	1,481,270
Net income for the year ended December 31, 2018	-	-	14,021,109	11,809,035	21,109,788	(798,475)	-	-	-	21,109,788	-	21,109,788
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	73,248	(6,250,269)	-	1,102	-	(2,032,621)	(1,034)	(2,336,628)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	14,021,109	11,809,035	21,183,036	(6,256,524)	-	1,102	-	18,247,171	(1,034)	18,246,137
Balance of global depository shares	4,375,000	-	-	-	-	-	-	-	-	16,734,335	-	16,734,335
Issuance of preference shares	-	2,000,000	-	-	(68,511)	-	-	-	-	9,973,997	(9,813)	9,973,990
Organization restructuring	-	-	-	-	-	-	-	-	-	68,511	(9,813)	(9,813)
Differences between consideration and the carrying amount of subsidiary net assets during initial acquisition or disposal	-	-	666,355	-	-	-	-	-	-	866,135	283,867	1,149,002
Changes in ownership interests of subsidiaries	-	-	41	-	-	-	-	-	-	41	22	63
Changes in legal entity for investments in associates and joint ventures accounted for using the equity method	-	-	(497)	-	(89)	-	-	-	-	(148)	-	(148)
Disposal of interests in equity instruments at fair value through other comprehensive income	-	-	-	(577)	1,321,032	-	(1,321,032)	-	-	-	-	-
Reversal of special reserve recognized from asset disposal	-	-	-	-	93	-	-	-	-	1,208,079	-	1,208,079
Equity components of issuance of convertible bonds	-	-	-	-	-	-	-	-	-	(214,166)	-	(214,166)
Buy-back of treasury shares	-	-	1,398,070	-	-	-	-	-	-	45,448	-	45,448
Compensation costs of treasury shares transferred to employees	-	-	45,448	-	-	-	-	-	-	179,680	-	179,680
Treasury shares transfer to employees	-	-	(13,541)	-	-	-	-	-	13,541	-	-	-
BALANCE AT DECEMBER 31, 2018	31,088,000	2,000,000	14,760,514	13,608,062	31,735,165	(6,027,221)	-	28,094,266	(2,341)	181,341,510	13,017,940	194,359,450
Appropriation of 2018 earnings	-	-	2,114,602	-	(2,114,602)	-	-	-	-	(16,855,367)	-	(16,855,367)
Cash dividend distributed by the Corporation	3,175,000	-	-	-	(3,175,000)	-	-	-	-	(2,735,986)	-	(2,735,986)
Cash dividend distributed by subsidiaries	-	-	-	-	-	-	-	-	-	1,341,609	-	1,341,609
Cash dividends distributed by subsidiaries	-	-	-	-	24,211,081	-	-	-	-	24,211,081	-	24,211,081
Net income for the year ended December 31, 2019	-	-	14,021,109	11,809,035	21,109,788	(798,475)	-	-	-	21,109,788	-	21,109,788
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	73,248	(6,250,269)	-	1,102	-	(2,032,621)	(1,034)	(2,336,628)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	14,021,109	11,809,035	21,183,036	(6,256,524)	-	1,102	-	18,247,171	(1,034)	18,246,137
Differences between consideration and the carrying amount of subsidiary net assets during initial acquisition or disposal	-	-	79	-	-	-	-	-	-	29	(166,476)	(166,447)
Changes in legal entity from investments in associates and joint ventures accounted for using the equity method	-	-	192,715	-	-	-	-	-	-	5,708	8,646	9,444
Reversal of special reserve recognized from asset disposal	-	-	-	-	826	-	-	-	-	826	-	826
Compensation costs of treasury shares transferred to employees	-	-	(424)	-	-	-	-	-	-	2,143	-	1,719
Treasury shares transfer to employees	-	-	-	-	-	-	-	-	1,481,270	-	-	1,481,270
BALANCE AT DECEMBER 31, 2019	34,263,000	2,000,000	16,875,615	13,608,062	34,910,143	(6,783,745)	-	31,195,368	(1,481,270)	193,686,638	14,277,292	207,963,930

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 32,633,419	\$ 30,544,421
Adjustments for:		
Depreciation expense	6,909,487	6,129,527
Amortization expense	430,278	387,194
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(179,256)	(19,306)
Finance costs	2,199,118	2,460,302
Interest income	(815,805)	(584,482)
Dividend income	(1,448,451)	(1,326,142)
Share-based compensation	826	45,448
Share of profit of associates and joint ventures	(2,509,388)	(2,263,413)
Loss on disposal of property, plant and equipment, net	162,793	78,190
Loss on disposal of investment properties	-	16,642
Gain on disposal of investments, net	(181,349)	-
Impairment loss recognized on non-financial assets	774,784	31,032
(Reversal of) write-downs of inventories	(36,520)	82,954
Unrealized loss (gain) on foreign exchange, net	(142,906)	240,681
Others	-	229,352
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	87,629	(10,517)
Notes receivable	(2,605,525)	(10,376,722)
Accounts receivable	(647,799)	(1,147,369)
Notes and accounts receivable from related parties	(31,332)	(40,768)
Other receivables	(406,220)	(138,518)
Inventories	1,217,372	(1,298,491)
Prepayments	1,001,688	(56,930)
Other current assets	58,080	(90,635)
Contract liabilities	(51,772)	598,875
Notes and accounts payable	(195,057)	88,650
Other payables	(692,642)	2,970,433
Other current liabilities	(80,244)	(34,006)
Net defined benefit liability	(144,918)	(9,907)
Cash generated from operations	35,306,290	26,506,495
Income tax paid	(6,435,021)	(4,355,775)
Net cash generated from operating activities	<u>28,871,269</u>	<u>22,150,720</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	\$ -	\$ (292,469)
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,584	1,333
Purchases of financial assets at amortized cost	(2,766,430)	(1,567,977)
Acquisition of investments accounted for by using the equity method	(1,284,750)	(33,485,490)
Disposal of investments accounted for by using the equity method	41,116	-
Proceeds from the return of capital upon investees' capital reduction of investees measured by using the equity method	-	10,884
Payments for property, plant and equipment	(8,201,795)	(4,317,919)
Proceeds from disposal of property, plant and equipment	522,037	389,942
Payments for intangible assets	(106,261)	(54,885)
Payments for right-of-use assets	(4,122,514)	-
Disposal of right-of-use assets	4,690	-
Decrease in long-term finance lease receivables	1,698,460	1,473,788
Decrease (increase) in other non-current assets	(237,937)	292,444
Increase in prepayments for leases	-	(158,408)
Interest received	852,229	538,327
Dividends received	<u>2,472,266</u>	<u>1,598,131</u>
Net cash used in investing activities	<u>(11,124,305)</u>	<u>(35,572,299)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	4,364,712	5,760,814
Issuance of bonds payable	12,562,200	24,223,847
Increase in long-term loans	14,459,444	16,244,617
Repayments of long-term loans	(8,747,894)	(48,536,395)
Increase (decrease) in long-term bills payable	(10,675,914)	22,476,880
Decrease in short-term bills payable	(1,526,816)	(589,203)
Repayment of the principal portion of lease liabilities	(437,093)	-
Increase (decrease) in other non-current liabilities	(103,829)	166,171
Cash dividends paid	(19,093,894)	(8,536,670)
Issuance of shares for cash	-	26,688,262
Treasury shares transfer to employees	2,121	179,680
Payment for buy-back of treasury shares	(348,959)	(218,166)
Acquisitions of subsidiaries	(1,017)	(170,899)
Partial disposals of interests in subsidiaries without a loss of control	-	788,539
Interest paid	(2,102,028)	(2,249,022)
Changes in non-controlling equity interest	<u>7,621</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(11,641,346)</u>	<u>36,228,455</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(1,040,887)</u>	<u>(630,205)</u>
		(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	2019	2018
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 5,064,731	22,176,671
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>48,507,889</u>	<u>26,331,218</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 53,572,620</u>	<u>\$ 48,507,889</u>

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

(Concluded)

6.5 Parent company only financial statements of the previous year

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

We have audited the accompanying financial statements of Taiwan Cement Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Corporation's financial statements for the year ended December 31, 2019 is as follows:

Revenue Recognition of Cement Sales

Taiwan Cement Corporation is mainly engaged in the production and sale of various cement and cement products. Revenue from the sale of cement fluctuates frequently due to changes in raw material prices, market supply and demand and the economic environment; in addition, related revenue is recognized at the point in time when the customer collects the cement and all the risks and rewards of the product have been transferred to the customer. Therefore, the validity of revenue recognition of cement sales is considered a key audit matter for the year ended December 31, 2019. Our main audit procedures performed in respect of the aforesaid key audit matter include understanding and testing the design and operating effectiveness of the internal controls related to the revenue from cement sales, and random inspection of the contracts, factory orders and delivery documents

from the sales details and testing the collection information of the samples before the end of the reporting period, in order to verify the validity of revenue recognition of cement sales.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Ya-Ling Wong

Chih-ming, Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2020

Notice to Readers

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

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

TAIWAN CEMENT CORPORATION

BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 6,666,247	2	\$ 11,643,685	4
Financial assets at fair value through profit or loss (Notes 4, 7 and 26)	259,102	-	249,590	-
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 26)	3,645,197	1	3,353,049	1
Accounts and notes receivable (Notes 4 and 9)	4,592,693	2	3,882,406	2
Accounts and notes receivable from related parties (Notes 4 and 27)	513,762	-	474,862	-
Inventories (Notes 4 and 10)	1,415,222	1	1,376,273	1
Other current assets (Notes 21 and 27)	577,675	-	191,053	-
Total current assets	17,669,898	6	21,170,918	8
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 26)	5,334,757	2	4,385,175	2
Investments accounted for by using the equity method (Notes 4, 5 and 11)	231,055,055	80	205,397,811	78
Property, plant and equipment (Notes 4, 12, 20 and 27)	26,864,808	9	27,007,306	10
Right-of-use assets (Notes 4, 13 and 27)	1,414,338	1	-	-
Investment properties (Notes 4, 14 and 20)	3,351,991	1	3,352,677	1
Intangible assets (Notes 4 and 20)	10,711	-	10,711	-
Prepayments for property, plant and equipment	1,154,488	-	563,185	-
Net defined benefit asset (Notes 4 and 18)	1,418,690	1	991,103	1
Other non-current assets (Notes 4, 21 and 28)	601,225	-	581,097	-
Total non-current assets	271,206,063	94	242,289,065	92
TOTAL	\$ 288,875,961	100	\$ 263,459,983	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 15 and 24)	\$ 16,325,928	6	\$ 12,969,000	5
Short-term bills payable (Note 15)	-	-	1,499,674	1
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 26)	-	-	139,460	-
Accounts payable	824,644	-	938,007	-
Accounts payable to related parties (Note 27)	709,471	-	987,658	-
Other payables (Note 17)	2,224,356	1	1,863,564	1
Lease liabilities (Notes 4, 13 and 27)	289,436	-	-	-
Other current liabilities (Notes 21 and 27)	136,479	-	86,532	-
Total current liabilities	20,510,314	7	18,483,895	7
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 16)	35,699,778	12	22,777,693	9
Long-term loans (Notes 15 and 24)	21,431,917	8	13,510,417	5
Lease liabilities - non-current (Notes 4, 13 and 27)	1,133,140	-	-	-
Notes payable (Note 15)	10,806,497	4	21,478,716	8
Deferred income tax liabilities (Notes 4 and 21)	5,337,961	2	5,239,334	2
Other non-current liabilities	272,286	-	428,418	-
Total non-current liabilities	74,681,579	26	63,434,578	24
Total liabilities	95,191,893	33	81,918,473	31
EQUITY (Notes 4, 19 and 22)				
Share capital	56,656,192	19	53,080,599	20
Capital surplus	48,015,947	17	47,836,241	18
Retained earnings	65,626,033	23	61,588,761	24
Others	23,734,855	8	19,038,454	7
Treasury shares	(348,959)	-	(2,545)	-
Total equity	193,684,068	67	181,541,510	69
TOTAL	\$ 288,875,961	100	\$ 263,459,983	100

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

TAIWAN CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 27)	\$ 19,265,728	101	\$ 17,057,945	100
LESS: SALES RETURNS AND ALLOWANCES	<u>142,952</u>	<u>1</u>	<u>78,500</u>	<u>-</u>
OPERATING REVENUE, NET	19,122,776	100	16,979,445	100
OPERATING COSTS (Notes 4, 10, 20 and 27)	<u>17,298,755</u>	<u>90</u>	<u>15,600,509</u>	<u>92</u>
GROSS PROFIT	1,824,021	10	1,378,936	8
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,228</u>	<u>-</u>	<u>1,228</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,825,249</u>	<u>10</u>	<u>1,380,164</u>	<u>8</u>
OPERATING EXPENSES (Notes 20 and 27)				
Marketing	262,500	1	230,176	1
General and administrative	<u>1,264,911</u>	<u>7</u>	<u>957,120</u>	<u>6</u>
Total operating expenses	<u>1,527,411</u>	<u>8</u>	<u>1,187,296</u>	<u>7</u>
INCOME FROM OPERATIONS	<u>297,838</u>	<u>2</u>	<u>192,868</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Notes 4 and 11)	24,753,161	129	21,133,842	125
Dividend income (Note 4)	307,581	2	381,051	2
Other income (Note 20)	359,843	2	346,278	2
Finance costs (Notes 4 and 20)	(1,316,748)	(7)	(481,032)	(3)
Other expenses (Note 20)	(190,310)	(1)	(275,608)	(2)
Impairment loss (Note 12)	<u>-</u>	<u>-</u>	<u>(37,524)</u>	<u>-</u>
Total non-operating income and expenses	<u>23,913,527</u>	<u>125</u>	<u>21,067,007</u>	<u>124</u>
INCOME BEFORE INCOME TAX	24,211,365	127	21,259,875	125
INCOME TAX EXPENSE (Notes 4 and 21)	<u>284</u>	<u>-</u>	<u>79,054</u>	<u>-</u>
NET INCOME	<u>24,211,081</u>	<u>127</u>	<u>21,180,821</u>	<u>125</u>

(Continued)

TAIWAN CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 18)	\$ 421,406	2	\$ 98,819	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 19)	1,246,314	7	98,784	-
Share of other comprehensive income of subsidiaries and associates (Note 19)	10,006,604	52	1,143,130	7
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>(84,281)</u>	<u>-</u>	<u>(29,629)</u>	<u>-</u>
	<u>11,590,043</u>	<u>61</u>	<u>1,311,104</u>	<u>7</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive loss of subsidiaries and associates (Note 19)	<u>(6,623,040)</u>	<u>(35)</u>	<u>(4,246,746)</u>	<u>(25)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>4,967,003</u>	<u>26</u>	<u>(2,935,642)</u>	<u>(18)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 29,178,084</u>	<u>153</u>	<u>\$ 18,245,179</u>	<u>107</u>
EARNINGS PER SHARE (Note 22)				
Basic earnings per share	<u>\$ 4.43</u>		<u>\$ 4.08</u>	
Diluted earnings per share	<u>\$ 4.25</u>		<u>\$ 4.08</u>	

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

(Concluded)

TAIWAN CEMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(in thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings		Total	Equity Differences from the Prior Period	Unrealized Gain/Loss on Financial Assets at Fair Value		Cash Flow Hedging Reserve	Treasury Shares	Total Equity
	Ordinary Shares	Preferred Shares	Legal Reserve	Special Reserve			Unrealized Gain/Loss on Financial Assets at Fair Value	Other Comprehensive Income			
BALANCE AT JANUARY 1, 2018	\$ 41,482,009	\$ -	\$ 14,023,100	\$ 13,908,551	\$ 40,012,110	\$ (700,471)	\$ 19,115,014	\$ -	\$ -	\$ -	\$ 126,144,204
Adjustment on initial application of IFRS 9	-	-	-	65,205	65,205	-	(1,021,126)	24,188,871	-	-	(4,827,882)
BALANCE AT JANUARY 1, 2018 AFTER THE IMPACT OF RETROSPECTIVE APPLICATION OF IFRS 9	41,482,009	-	14,023,100	14,073,756	40,072,110	(700,471)	18,093,888	24,188,871	-	-	141,246,066
Appropriation of 2017 earnings	-	-	799,423	-	799,423	-	-	-	-	-	(5,962,794)
Cash dividends distributed by the Corporation	-	-	-	(5,340,509)	(5,340,509)	-	-	-	-	-	-
Share repurchases authorized by the Corporation	4,240,109	-	-	21,180,871	21,180,871	-	-	-	-	-	21,180,871
Net income for the year ended December 31, 2018	-	-	-	-	-	(89)	-	-	-	-	12,925,642
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	1,326,222	1,102	-	1,327,324
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	(89)	-	1,326,133	1,102	-	1,327,245
Issuance of global depositary shares	4,275,000	-	-	-	-	-	-	-	-	-	16,714,335
Issuance of preferred shares	-	4,000,000	-	-	-	-	-	-	-	-	9,913,007
Organization restructuring	-	-	-	-	-	(18,513)	-	-	-	-	(18,513)
Differences between consolidation and the carrying amount of subsidiaries' net assets during initial recognition or disposal	-	-	-	-	-	-	-	-	-	-	46,725
Changes in ownership interest of subsidiaries	-	-	-	-	-	41	-	-	-	-	41
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	(699)	-	-	-	-	(699)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	-	1,212,022	-	(1,212,022)	-	-	-
Equity components of issuance of convertible bonds	-	-	-	-	-	571	-	-	-	-	571
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Compensation costs of treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	-	-
Treasury shares transfer to employees	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2018	45,757,109	-	14,792,521	13,837,652	44,387,282	(89)	18,125,017	25,514,904	1,102	(778,166)	138,541,520
Appropriation of 2018 earnings	-	-	2,118,092	-	2,118,092	-	-	-	-	-	(8,836,303)
Cash dividends distributed by the Corporation	-	-	-	(18,219)	(18,219)	-	-	-	-	-	(18,219)
Share repurchases authorized by the Corporation	3,375,193	-	-	(3,375,193)	-	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	24,211,301
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	11,320,250	(8,477)	-	11,311,773
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	11,313,273	(8,477)	-	11,304,796
Differences between consolidation and the carrying amount of subsidiaries' net assets during initial recognition or disposals	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Compensation costs of treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	-	-
Treasury shares transfer to employees	-	-	-	-	-	-	-	-	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2019	49,132,302	-	16,910,613	14,462,155	48,505,070	(89)	29,438,292	36,838,177	2,625	(1,614,552)	153,684,618

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

TAIWAN CEMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 24,211,365	\$ 21,259,875
Adjustments for:		
Depreciation expense	885,540	518,572
Amortization expense	-	10,683
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(167,778)	1,117
Finance costs	1,316,748	481,032
Interest income	(101,734)	(98,520)
Dividend income	(307,581)	(381,051)
Share-based compensation	826	45,448
Share of profit of subsidiaries and associates	(24,753,161)	(21,133,842)
Loss (gain) on disposal of property, plant and equipment, net	(4,855)	140,615
Inventory write-downs	4,851	6,401
Impairment losses on non-financial assets	-	37,524
Unrealized loss (gain) on foreign exchange, net	(3,135)	7,189
Changes in operating assets and liabilities:		
Notes receivable and accounts receivable	(711,873)	(705,416)
Notes receivable and accounts receivable from related parties	(39,984)	(49,150)
Inventories	(43,800)	272,624
Other current assets	(26,165)	(1,291)
Net defined benefit asset	(6,181)	(3,104)
Accounts payable	(112,137)	140,208
Accounts payable to related parties	(278,277)	238,681
Other payables	192,115	271,773
Other payables to related parties	37,166	(21,409)
Other current liabilities	9,725	(678)
Cash generated from operations	101,675	1,037,281
Income tax paid	(20,262)	(214,394)
Net cash generated from operating activities	<u>81,413</u>	<u>822,887</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	-	(72,086)
Proceeds from disposal of financial assets at fair value through profit and loss	18,806	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,584	1,333
Acquisitions of investments accounted for by using the equity method	(844,333)	(4,127,150)
Net cash out flow on acquisition of subsidiaries	(1,700,929)	(67,877,447)
Payments for property, plant and equipment	(940,737)	(612,055)
Proceeds from disposal of property, plant and equipment	5,003	14,533
Increase in other non-current assets	(16,823)	(290,041)

(Continued)

TAIWAN CEMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Interest received	\$ 114,135	\$ 73,789
Dividends received	<u>5,176,479</u>	<u>4,604,367</u>
Net cash generated from (used in) investing activities	<u>1,816,185</u>	<u>(68,284,757)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	3,362,015	4,443,260
Decrease in short-term bills payable	(1,499,674)	(399,340)
Issuance of corporate bonds	12,562,200	24,223,847
Increase in long-term loans	7,900,000	13,402,917
Repayments of long-term loans	-	(7,276,733)
Increase (decrease) in long-term bills payable	(10,672,219)	21,478,716
Repayment of the principal portion of lease liabilities	(316,986)	-
Increase (decrease) in other non-current liabilities	(156,495)	226,435
Dividends paid	(16,874,586)	(6,360,764)
Issuance of shares for cash	-	26,688,262
Treasury shares transferred to employees	2,121	179,680
Payment for buyback of treasury shares	(348,959)	(218,166)
Partial disposal of interests in subsidiaries without a loss of control	-	2,189,786
Interest paid	<u>(832,453)</u>	<u>(232,190)</u>
Net cash generated from (used in) financing activities	<u>(6,875,036)</u>	<u>78,345,710</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,977,438)	10,883,840
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,643,685</u>	<u>759,845</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 6,666,247</u>	<u>\$ 11,643,685</u>

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

(Concluded)

6.6 Financial difficulties for the company and its affiliates: None.

Review of the financial position, financial performance, and risk management

7.1 Financial position

(expressed in NT\$ thousands)

Item \ Year	AY 2019	AY 2018	Difference	
			Amount	%
Current assets	118,145,990	110,380,695	7,765,295	7
Property, plant, and equipment	89,881,319	91,093,825	(1,212,506)	(1)
Intangible assets	19,656,118	20,427,352	(771,234)	(4)
Other assets	139,798,958	122,183,246	17,615,712	14
Total assets	367,482,385	344,085,118	23,397,267	7
Current liabilities	66,532,743	64,503,844	2,028,899	3
Non-current liabilities	92,487,775	82,201,818	10,285,957	13
Total liabilities	159,020,518	146,705,662	12,314,856	8
Share capital	56,656,192	53,080,599	3,575,593	7
Capital surplus	48,015,947	47,836,241	179,706	0
Retained earnings	65,626,033	61,588,761	4,037,272	7
Other equity	23,734,855	19,038,454	4,696,401	25
Equity attributed to owners of the parent company	193,684,068	181,541,510	12,142,558	7
Non-control equity	14,777,799	15,837,946	(1,060,147)	(7)

Description:

Increases in other equity: Mainly due to the recognition of unrealized gains from financial assets measured at fair value through other comprehensive income.

7.2 Financial performance

Comparison and analysis of financial performance

(expressed in NT\$ thousands)

Item \ Year	AY 2019	AY 2018	Increased (Decreased) Amount	Change Ratio (%)
Operating cost	86,872,759	91,003,063	(4,130,304)	(5)
Gross profit	35,910,255	33,591,539	2,318,716	7
Operating expenses	5,753,534	5,410,638	342,896	6
Profit from operations	30,156,721	28,180,901	1,975,820	7
Non-operating income and expenses	2,476,698	2,363,520	113,178	5
Pre-tax Profit	32,633,419	30,544,421	2,088,998	7
Income tax expenses	7,178,329	7,900,350	(722,021)	(9)
Net profit after tax	25,455,090	22,644,071	2,811,019	12

7.3 Cash flow

1. Change in consolidated cash flow in the preceding year

(expressed in NT\$ thousands)

Beginning Cash balance	Annual net cash flow from business activities	Annual cash inflow and outflow	Cash balance (insufficiency)	Remedy for cash shortages	
				Investment Plans	Financial Management Plans
48,507,889	28,871,269	(23,806,538)	53,572,620	-	-

1. Analysis of cash flow changes:

(1) Operating activities: Mainly because of the profit from business operations.

(2) Investing activities: Mainly because of the increase in obtaining the right-of-use assets and immovable property, plant and equipment procurement.

(3) Financing activities: Mainly dividend distribution by cash.

2. Remedies for cash shortages and improvements for low liquidity: NA.

2. Liquidity analysis of the past two years

Item \ Year	AY 2019	AY 2018	Increased (Decreased) Ratio (%)
Cash flow ratio	43.39	34.34	26
Cash flow adequacy ratio	81.43	80.90	1
Cash reinvestment ratio	2.48	3.68	(33)

Analysis of the ratio of change:

(1) Increase in the cash flow ratio: This is mainly because of the increase in the inflow of net cash from the operating activities of 2019.

(2) Decrease in the cash reinvestment ratio: Mainly because of an increase in the dividend distribution by cash in 2019.

3. Analysis of cash liquidity in the coming year

(expressed in NT\$ thousands)

Beginning Cash balance	Annual net cash flow from business activities	Annual cash inflow and outflow	Cash balance (insufficiency)	Remedy for cash shortages	
				Investment Plans	Financial Management Plans
53,572,620	30,067,000	(16,085,620)	67,554,000	-	-

Analysis of cash liquidity in the coming year:

(1) Operating activities: Mainly from the profit of business operations.

(2) Investment activities: Mainly immovable property, plant and equipment procurement.

(3) Financing activities: Mainly dividend distribution by cash.

7.4 Influence of major capital spending on financial positions and operations in recent years:

Other than the routine capital expenditures, the material capital expenditures for projects include:

(1) Support of the government's green energy policy: we will invest in renewable energy projects, including solar energy and wind power through TCC Green Energy Corporation.

(2) The subsidiary, Ta-Ho Maritime Corporation, bought four new types of energy-saving ships in 2019, and is expected to buy 2 more new ships before 2023.

(3) The subsidiary, Taiwan Prosperity Chemical Corporation has completed renovation of the second set of boilers in

2019 to meet the emission standards for the combustion equipment.

(4) To accommodate the Government's policies, our environmental equipment is improved continuously.

In 2019, capital expenses totaled NT\$8.2 billion. These capital expenses are expected to increase revenue and save costs.

7.5 Re-investment policies, main causes of profit or loss, improvement plans in the previous year, and investment plans in the coming year:

(1) The operations of International CSRC Investment Holdings Co., Ltd. in India and Mainland China have been

on track for growth, and in 2019, NT\$197 million was recognized as investment gain.

(2) Being positive toward the potential of lithium batteries, the Company made additional investments in TCC Recycle Energy Technology Co. (parent company of E-One Moli Energy Corporation), and the consolidated shareholdings of the Company have increased to 29.70%. In 2019, NT\$122 million was recognized as investment loss.

(3) To continue promoting globalization, the Company obtained 40% of the equity in a cement project within Portugal via Cimpor Global Holdings BV in 2019, and plans to invest in cement projects in Africa. The Company recognized NT\$8 million as investment loss in 2019.

(4) Mainland China continued to deepen supply-side reforms by executing off-peak production stoppages, which resulted in a relatively stable cement market balance, as well as increased gains from cement investments in Guangdong and Yunnan, with investment income of NT\$1.844 billion in 2019.

7.6 Risk analysis and assessment:

7.6.1 Influence on the income from changes in the interest rate and exchange rate volatility and inflation, and future countermeasures:

(1) For interest rates, as the growth momentum of global economics is weakening due to the spread of COVID-19, the economics in Mainland China and other countries have been affected, and in response, the US has cut interest rates in advance. The main economies have signaled an accommodative stance for monetary policies, and there is a high probability of a decline in interest rates for NTD and CNY. The interest rate volatility of Taiwan, the US, and Mainland China will affect the income from the interest of cash equivalents and expenses for the interest from liabilities. Apart from constantly keeping track of the changes and trends of interest rates and timely assessing potential interest risks, we will continue to observe the market status to adjust our liability position or fixed interest rates for hedging as necessary.

(2) Exchange rate: Influenced mainly by USD, CNY, and EUR, we have adopted a net position with natural hedging and constantly keep track of exchange rate volatility to engage in timely spot bank buying/selling, forward exchanges, or adjustment of foreign currency debts for forex hedging. These hedging methods can help reduce exchange rate risk, and we will review such methods based on the market status and hedging cost as necessary. Overall, exchange rate volatility has a comparatively limited influence on organizational operations.

(3) Inflation: Looking out into 2020 based on the latest statistics, the weak global economic expansion will bring down raw material demands and global commodity prices, such as the global oil price, to lower levels compared to 2019. According to the 2020 outlook of the Directorate

General of Budgets, Accounting and Statistics (DBGAS), Executive Yuan, the annual CPI growth will be 0.62%, suggesting that inflation will bring limited influence to our annual profit/loss.

7.6.2 Policies, main reason(s) for profits or losses, and future countermeasures for engaging in high-risk and high-leverage investments, lending, offering guarantees and endorsements, and derivatives investments:

(1) Neither this Company nor our subsidiaries have engaged in high-risk and high-leverage investments in recent years.

(2) Both this Company and our subsidiaries only offer lending, endorsements, and guarantees to subsidiaries or affiliates. Apart from maintaining a normal financial status, we abide by the related regulations of the Securities and Futures Bureau (SFB) and our Capital Lending Operating Procedures and the Endorsement and Guarantee Operating Procedures. Therefore, losses will be minimal.

(3) Both this Company and our subsidiaries engage in derivatives transactions for hedging risks in exchange rates and the cost of raw materials required for operations. We also follow our Asset Acquisition or Disposal Operating Procedures without engaging in any non-hedging transactions.

7.6.3 Future R&D projects and planned R&D funds:

TCC has never suspended any research and development. In 2019, TCC continued to invest and even spent more in the calcium looping program, and completed technology reform for the second-generation equipment in our plants, and continues to expend the trial of our carbon capture plant. Currently, in order to continue the testing of our carbon capture, the BOD of TCC is planning to construct a demo plant for the next phase, and expand the Microalgae Culture program to recycle CO₂. The plan is to assess the feasibility of expanding the microalgae culturing in the Ho-Ping Power Plant, and to approve the capex budget of about NT\$600 million, for promoting the design and verification of the reliability for the Amplifying System for Calcium Looping Carbon Capture Technology. The goal is to launch the operations of a commercialized system to validate the business model in 2023, as an active effort of reducing carbon for our Earth.

(1) Future planning of calcium looping technology: To increase the holistic effect of the calcium looping technology, the emphasis will be on enhancing the carbonation conversion rate, reducing the mole fraction of Ca/C and the energy consumption. Also the 10MW demo plant will be designed and planned as a follow-up, to execute the verification of the new generation of capture technology including integrated steam hydration

and multi-stage cyclone, as well as the R&D of amplifying technology, technology of regenerating highly pure light-weight carbonated calcium from de-active absorbent, as well as other tasks such as detail design and procurement specs for the demo carbon capture system with calcium looping for 10MW grade, planning of plant construction, and effects on the environment.

(2) Microalgae culture technology: This project aims to expand the scope of biological carbon fixation, including the review of biological carbon fixation using microalgae and microorganisms, energy utilization, and development of value-added products. A microalgae culture for carbon fixation experiments will be conducted at the flue stakes to develop the technology to enhance the carbon fixation efficiency of algae using bioactive substances. The second-generation bag culture system will be experimented with to test and demonstrate microalgae cultures for carbon fixation. Therefore, we will invest NT\$8 million (excl. sales tax) in 2020 to develop the high-efficiency microalgae culture model, study the outdoor culturing of carbon fixation microalgae, assess the biological carbon fixation procedures, and investigate the fermentation of oleaginous microorganisms.

7.6.4 Influence of major policies and legal changes at home or abroad on finance, operations, and countermeasures:

The Group's operating policies are handled in accordance with the relevant laws and regulations, keeping track of significant changes in domestic and foreign policies and regulations, consulting with experts to assess the impact of laws and regulations on the Group's financial businesses when necessary, and timely adjusting the Group's internal system.

On March 26, 2020, the Environmental Protection Administration announced the amendment of the "Air Pollution Control Fee Collection Regulations", with the hope of achieving the goal of improving air quality in autumn and winter by economic incentives for expanding the fee gap. The amendment draft includes: (1) Raising fees in the first and fourth quarters and cutting fees in the second and third quarters to expand the fee gap (2) Providing discounts for the lowest single-season emissions in the first and fourth quarters compared to the base year. Based on the formula, the cement plant's air pollution control fee will slightly increase.

We have invested a certain degree of funds to construct the related pollution-preventive equipment and technical reforms with the goal of "zero waste, zero pollution, zero emissions". Although the emission indicators in these plants outperform the local standards, TCC still has advanced deployment to reduce NOx emissions and air pollution control fees after the staged combustion technical reform in 2020.

7.6.5 Influence of changes in technology

and the industry on finance, operations, and countermeasures:

Corresponding to the advent of the Industry 4.0 era, TCC is promoting the optimization of our internal management system, whose four major focuses include cloud mobility, big data, IoT, and intelligent machines. The optimization project that integrates the economics, environment, society, and risk management shifts from "objective management" to "behavior management", so that the personnel and managers may accurately judge and operate at the earliest time to improve their outcomes of work and efficiency. The outcomes of this project include the construction of the TCC war room system, to grasp the information of production and operation information of each plant, in order to forecast any risk, as well as monitor the carbon emission data of each cement plant for continuous control and reduction. The bearing shell warning system is installed to monitor the temperature of each puller bearing shell in the rotary kilns. The model is made through the big data of kiln temperature, to detect irregularly high temperature zones of the kiln temperature in real-time, and to warn actively for early actions taken by the operators to protect the rotary kilns. With a modern monitoring system and internet technologies, six major environmental indicators are under continual monitoring, and a complete database is built for the timeliness of management. In the future, TCC will promote the intelligent diagnosis mechanism for equipment. Through the intelligent database, the data is analyzed to see if any irregularities have occurred, and the possible irregularities are forecast to alert the inspectors to deal with them.

Both Taiwan and Mainland China have made collaborative waste disposal with cement kilns a national policy. TCC has more than 30 years of experience in this regard. With a research laboratory recognized with a national TAF certificate, we will be able to expand the scope for more solid and hazardous waste. TCC owns the largest project of collaborative solid and hazardous waste disposal with cement kilns in Guigang, Guangxi Province, China, with 200,000 tonnes of annual disposal, and has already obtained the permit for hazardous waste disposal. Meanwhile, Jurong Plant's fly ash disposal incineration plant is currently under construction, and is expected to commence production at the end of 2020. In the future, TCC will make profits while contributing to national and social benefits, to bring the largest effect for environmental protection as a circular economy in the cement industry, and act as the leader in the area of the circular economy.

For renewable energy, due to the development of new high-efficiency crystalline silicon solar cells, the module's power generation has continued to increase, and has grown by 30% compared with the past 2 years. This has led to improved investment efficiency of solar power, contributing to positive financial benefits. For wind and geothermal power generation, wind turbines with better power generation and binary cycle geothermal power generation systems with better efficiency have continuously been introduced. The Company always keeps

track of the technological development of various power generating equipment, and has introduced the latest technical solutions for the system.

7.6.6 Influence of the market presence change on crisis management and countermeasures:

Investors are paying more and more attention to sustainable investment (ESG) and various evaluations, such as DJSI, FTSE4Good, MSCI, etc. Therefore, corporate sustainability has become a symbol representing the corporate image.

The Company pays great attention to corporate sustainability. In 2018, the Board of Directors passed the establishment of the Organizational Sustainable Development Committee as the statutory external functional committee, chaired by the Company Chairman, with the General Manager as vice president, while other members are elected from among the Board of Directors, independent directors, and deputy general managers. At least one meeting is held every quarter for supervision and management of related issues on environmental, economic, and social sustainability. Each year, the Company analyzes major issues with high operating risk which are of concern to stakeholders, in order for advanced disclosure of information such as response measures and their implementation.

The Company's "Organizational Sustainable Development Committee" covers five major teams: "Integrity Governance and Risk Management", "Circular Manufacturing", "Sustainable Environment and Products", "Employee Care", and "Social Care". A CSR Committee meeting was held in 2019, focusing on the response to climate change, circular economy, and social communication:

1. **【Responding to Climate Change】** Formulate carbon reduction strategies in accordance with the highest international standards, and implement corporate sustainability as an international company

As an international company, the Company continues to push itself in contributing to the mitigation of climate change according to the highest standards. In 2019, the Company became the first traditional manufacturing industry in Taiwan that adheres to Science Based Targets (SBT), and actively sets specific carbon reduction targets and actions. It also started to adopt the latest international standard TCFD framework to assess and monitor operating risks and opportunities of climate change on a regular basis and, accordingly, formulate a response strategy. In addition, the Company continues to disclose the performance on carbon management, and was ranked as Management Level in the 2019 CDP evaluation, as well as A- in the CDP Supplier Engagement Rating.

2. **【Circular economy】** Cement kiln as an urban air purifier

With limited earth resources, the Company upholds the spirit of a circular economy, and is committed to creating a collaborative waste treatment system. The continuous circulation of resources, raw materials, and waste within the industrial chain via application of technology has greatly reduced the consumption of energy and resources and waste generation. Over the years, the Company has dealt with business waste from various industries including optoelectronics, semiconductors, paper manufacturing, water purification, chemical, and steel. In 2019, the Company continued trying new alternative raw materials such as waste laminated film, slag ballast, and alternative fuels such as waste wood, wood chips, and coal ash in the aim to continue to develop new alternative raw materials and fuels in the future, and implement carbon reduction and renewable resource utilization. With that, cement kilns may become the heart of the circular economy, with sustainable development as an urban circular purifier.

3. **【Stakeholder Communication】** Actively promote communication between investors, the general public and internal staff, and advocate the mission and spirit of the industry to a more sustainable way of living.

(1) Investor communication: Through the shareholders' meeting and investor conference, the Chairman and the management team explained the Company's concept of sustainability to shareholders and investors, emphasizing the Company's management philosophy of "focusing on nature" and "social interests as the objective" to assess the relationship between people and the environment. Responding to inquiries and visits of investors, we also uphold the principle of transparency and integrity, and emphasize corporate sustainability, sustainable operations, and sustainable future plans under public disclosure.

(2) Social public communication: The Company continues to rethink the relationship between industries, cement companies, nature, and society, improving direct communication and interactions, and advocating the Company's spirit of coexistence and shared prosperity with the industry and society. In 2019, the Company's plant initially launched the first eco-factory in Asia - TCC DAKA, which involves four features: ecology, culture, knowledge, and recreation, and is also the first cement plant in Taiwan that has launched online booking of guides, incorporating the local Taroko culture, and implementing the value of industrial sustainability and social innovation.

(3) Internal communication: The Company organizes a monthly meeting for decision-making, which is chaired by the Chairman, and includes the general manager, deputy general managers, and middle and top level managers. Nearly 40 people participated in the meeting, including the general managers of Taiwan and overseas companies, to discuss and review the Company's current strategy, as well as corporate social responsibility and sustainability issues, which are critical for internal "Top-down" communication regarding the Company's core concepts. In addition, the

TownHall Meeting, labor-management conferences, labor unions, and Employee Welfare Committee are held on a quarterly basis, providing opportunities for the Chairman and managers to interact with employees. Employee feedback is obtained through face-to-face communication, with direct communication on the importance and planning of corporate sustainability.

7.6.7 Expected benefits and potential risks of mergers and acquisitions: NA.

7.6.8 Expected benefits and potential risks of factory expansion and countermeasures:

To increase the clinker and cement capacity in Mainland China and fill the vacancy between the Yingde Plant in Guangdong and the Hunan Plant, we have established a clinker and cement production line in Shaoguan, Guangdong Province. We have also invested in a waste processing project there. The Shaoguan Plant marks our new cement plant project with a waste processing facility right at the beginning of planning and design. The Shaoguan Plant is equipped with a clinker and cement production line with an annual capacity of 2 million tonnes. This will be our forward command center for expansion to northern Guangdong. Currently, the base piles are under construction. As the procedures and lead time of the mining permit are time consuming, operations will be postponed to Q2 of 2021.

Also, to accommodate the Government's vision of a nuclear-free homeland in 2025, and with the goal of generating 20% of power with renewable energies, as the leader in conventional industries, TCC has actively input the development and investment of renewable energies with the pace of the Government's energy transformation. Among them, the phase I and II solar energy power plants at the old TCC Chemical Plant in Chang-Bin Industrial Zone with a total power of 12.1MW, Phase I 7.2MW wind power plant, and 424.08kW solar energy in the Taitung Dadu Plant have each been grid-connected for power generation. The 14.4MW Wind Power Plant in Changhua Fangyuan is under construction. The Phase II 14.4MW Wind Power Plant in Chang-Bin Industrial Zone is undergoing environmental impact assessment. The Phase I 44.47MW integration of the fishery and power generation project in Yi-chu, Chiayi: On March 2020, the agricultural land use permit and land alternation plan of the site for the booster station were submitted to the county government for review. The Phase II 22MW integration of the fishery and power generation project in Yi-chu, Chiayi: Land use development and integration, and the new Linyuan advanced warehouse of CRSC in Kaohsiung 725.4kW, the new Linyuan warehouse in Taitung 455.7kW and the Phase II roof-top solar energy of E-One plant 496.6kW rooftop photovoltaics can be connected for grid power generation in the second, third, and fourth quarters of 2020. They are all expected to bring stable revenue for the Group.

The Company's renewable energy business involves the development and construction project of renewable energy generation and sales of green energy to the government or private companies, and is not a manufacturing business. Moreover, the Company plans to adopt OEMs for the development of an energy storage system, so there is no plan and demand for plant setup and expansion.

Given rising awareness of environmental protection and the increasing attention and demand for legal compliance, TCC's electricity sector plans to build a new wastewater treatment plant for physiochemical treatment engineering, in the aim to enhance the treatment capacity of wastewater treatment plants and reduce the concentration of effluent water. TCC also actively analyzes and understands the operating risks and opportunities of the power plant to continuously improve the environmental performance and ecological benefits of the Group's electricity sector.

7.6.9 Potential risks of procurement or sales centralization and acquisitions: NA.

7.6.10 Influence and potential risks of the massive transaction or conversion of shares by directors, supervisors, or dominant shareholders holding over 10% of the stake of the Company and countermeasures:NA.

7.6.11 Influence and risks of management change and countermeasures: NA.

7.6.12 Litigious or non-litigious events

Major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in recent years and by the date of report publication or in progress by the date of report publication of the company: NA.

Major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in recent years and by the date of report publication or in progress by the date of report publication of directors, presidents, actual principals, and shareholders holding over 10% of the stake of the company, subsidiaries, or affiliates, with results that may cause significant impact to the rights and interests of shareholders or the stock price:

(1)

Company Name	Ta-Ho RSEA Environment Co., Ltd.
Fact in dispute	By the arbitration, for the "Contract of Waste Incineration Plant Building and Operating and Waste Incineration Commission by the Public and Private Institutions Encouraged by the Yunlin County Government" (a BOO contract) between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government, the Yunlin County Government shall pay NT\$ 1.5 billion in the first payment stage to Ta-Ho RSEA Environment Co., Ltd. before November 30, 2008, and the remaining payment (second payment stage) NT\$ 1.44 billion (including NT\$1.39 billion, US\$1,706,000 and JPY307,000) shall be made before June 30, 2009. Ta-Ho RSEA Environment Co., Ltd. shall transfer the assets to the Yunlin County Government.
Contract value (NT\$)	about NT\$ 2.94 billion
Trial start date	Date of arbitration decision: October 1, 2008
Parties concerned	Between Ta-Ho RSEA Environment Co., Ltd. and Yunlin County Government
Status	Ta-Ho RSEA Environment Co., Ltd. has applied for compulsory enforcement for all the claims determined by the arbitration. Currently among the claims, NT\$3.54 billion (tax included) including both principal and interests, has been received. Another dispute involves the interest of NT\$ 270 million. On February 17, 2020, the Supreme Court ruled to dismiss the second interlocutory appeal of Ta-Ho RSEA Environment Co., Ltd. and the aforementioned interest shall not be included in the distribution in conclusion of the compulsory enforcement proceedings. Based on the results of the court proceeding, Ta-Ho RSEA Environment Co., Ltd. shall be compensated with principal and interest of NT\$3,540,717,245 (principal amount of NT\$2,941,871,636), which has been fully paid off.

Company Name	Ta-Ho RSEA Environment Co., Ltd.
Fact in dispute	As stipulated by Article 10.5 of the "Contract of Waste Incineration Plant Building and Operating and Waste Incineration Commission by the Public and Private Institutions Encouraged by the Yunlin County Government" (a BOO contract) entered by and between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government, once the BOO Contract is terminated due to reasons attributable to the Yunlin County Government, all assets of the Linnei Incineration Plant (the Plant) shall be transferred back to Yunlin County Government. Nevertheless, Yunlin County Government has refused to receive assets of the Plant in accordance with the BOO Contract regardless of several attempts to transfer made by Ta-Ho RSEA Environment Co., Ltd. As a result, Ta-Ho RSEA Environment Co., Ltd. has continuously operated and maintained the Plant on behalf of the Yunlin County Government ever since the BOO Contract was terminated on October 31, 2006. By the end of December 31, 2017, operating costs of the Plant amounting to NT\$138 million had been incurred, and from January 1, 2018 to March 31, 2020, a management fee of NT\$25 million had been incurred, which bring about a total of NT\$163 million. A compensation amount of NT\$2.9 billion (did not include sales tax) was awarded to Ta-Ho RSEA Environment Co., Ltd. According to the decision entered by arbitration between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin Government. Based on the interpretation of the Revenue Service Bureau of Yunlin County Government, sales tax shall be levied on that compensation awarded, which amounts to NT\$166 million.
Contract value (NT\$)	Approximately 328 million
Litigation start date	Petition submitted for arbitration on February 15, 2019
Parties concerned	Between Ta-Ho RSEA Environment Co., Ltd. and Yunlin County Government
Status	An arbitration tribunal was formed on May 22, 2019. The 6 th inquiry session was held on April 27, 2020, and the case is now pending.

(2)

Company Name	Ho-Ping Power Company
Facts in dispute	The Fair Trade Commission (FTC) fined Ho-Ping Power Company a sum of NT\$ 1.35 billion for violation of Article 14 of the Fair Trade Act.
Contract value (NT\$)	1.35 billion
Litigation/ administrative appeal start date	March 2013
Parties concerned	Between Ho-Ping Power Company and the Fair Trade Commission
Status	In the second penalty, the Fair Trade Commission changed the fine of NT\$1.32 billion to Ho-Ping Power Company. The Taiwan Supreme Administrative Court denied the original decision (Ho-Ping Power Company won the case) and remanded the case to the Taipei High Administrative Court on June 30, 2015. The Taipei High Administrative Court handed down a decision on May 25, 2017 to drop the concerted effort charge in the preceding decision and the administrative appeal and maintained our victory. However, the other parties appealed. For the part appealed by TPC, the Supreme Administrative Court has ruled "appeal dismissal" on September 6, 2018 (case Series: Tsai-Zhi No. 1380 in 2018). For the other part appealed by the Fair Trade Commission of the same case, the Taiwan Supreme Administrative Court denied the original decision in Pan-Zhi No. 505 in 2018 and remanded the case to the Taipei High Administrative Court. Now it is pending in the Taipei High Administrative Court. (Ref. No. 2018 Su-Geng-Er-Zi 116) Based on the principle of financial soundness, Ho-Ping Power Company has already estimated relevant losses in 2012, which has been paid in full as of December 31, 2019.

Company Name	Ho-Ping Power Company
Facts in dispute	Taiwan Power Co., Ltd. (TPC or Taipower) filed an administrative lawsuit with the Taipei High Administrative Court, claiming a payment for a least NT\$ 5.2 billion. With interest, the claim expanded to NT\$ 10.76 billion. Also, another civil lawsuit was filed by TPC with the Taipei District Court, claiming NT\$ 5.5 billion.
Contract value (NT\$)	Totaling about 16 billion.
Trials for both lawsuits start date	September 2015
Parties concerned	Between Ho-Ping Power Company and Taiwan Power Company
Status	1. TPC filed two lawsuits for this case including: (1) In September 2015, the Ho-Ping Power Company was served a summons issued by the Taipei High Administrative Court on charges brought by TPC, which then referred the whole case to the Taipei District Court in February 2017. The claim was expanded to NT\$10.76 billion. For the part appealed by TPC, the Taipei District Court ruled "appeal dismissed" on October 30, 2019. TPC then filed an appeal with the Taiwan Provincial High Court, the appellate court, where it is pending trial. (2) In addition, in November 2015, Ho-Ping Power Company served a summons issued by the Taipei District Court for a civil lawsuit on the same administrative case. The case is pending trial at the Taipei District Court, and Ho-Ping Power Company has already submitted the earlier decision by the same court as reference for the trial judge. 2. TPC sued other IPPs for similar reasons in separate lawsuits, but lost all cases, one by one, as per court decisions handed down in 2018. Ho-Ping Power Company submitted these decisions to the jurisdiction court in order to win the case. 3. Ho-Ping Power Company believes it is quite unlikely for TPC to win this suit.

7.6.13 Other Material Risks

(1) Conducting environmental protections and management of climate change risks with the strategic mindset of sustainable development and circular economy

The Proclamation of the Paris Agreement adopted at the COP21 on December 12, 2015: Aiming at jointly preventing global warming, the Paris Agreement proposed to keep the increase in global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels with the understanding that this will greatly reduce climate change risks and impacts. The Intergovernmental Panel on Climate Change (IPCC) has listed the national energy policy, comprehensive management of wastes, and comprehensive management of water resources as the key points of coping measures to the climate in its Climate Change 2007: Synthesis Report. The Ellen MacArthur Foundation believes that promoting a circular economy is a strategy for climate change adaptation, as it reduces GHG emissions, improves the emergency response to disasters, creates more livable cities, promotes technological innovation, and changes the production and usage of products to achieve emissions reduction by promoting a circular economy. The world reached a common consensus of achieving a zero-emissions economy, but how to implement the mission is currently a challenge.

TCC has deeply realized the impacts from climate changes, and thus promoted the "one-stop environmental protection policy", i.e., "green value chain strategy". The cement plants are the core. From the well-executed environmental protection of mines and cement plants, the Group integrates internal resources, to assist the central and local government, and the enterprises to re-use the waste. The past records of the waste treatment have proved that the cement kilns can be applied to the circular economy, and achieve the recycling of resources. Applied to adopt the impacts from climate changes.

1. Management of Policies for Climate Change Risks: Compliance, accommodation, and promotion of related laws and regulations: a dedicated unit in the Company continuously participates in the topics of climate changes and adoption by the Government, as well as the new international progress of these topics. On one hand, TCC collaborates with research units to continuously develop and promote the carbon capture and reuse of CO₂. On the other hand, we comply with the Government's laws and regulations, while offering suggestions, to assist the central and local governments with fixing the bottlenecks in regard to waste and reuse of resources.

Management Execution: The ISO 50001 Energy Management System has been established. Through ISO 50001, the Company continuously seeks the

improvement of performance for the utilization of energy, and enhances our energy management through the energy baseline survey, proposal of our improvement plan, and approaches for establishing the management system. From 2007, TCC started to include greenhouse gas inventories, and has obtained ISO 14064 – Greenhouse Gas Accounting and Verification from SGS. Through the outcomes of the inventory, the targets of reduction can be confirmed. From Q2 2019, the policy that links the carbon emissions to bonuses will be implemented, to urge each cement plant to strive to reduce the carbon emissions per product unit.

Low-carbon products: Cement is a major construction material, and it has to be made from milled and kilning of various mines. Other than the vertical well extraction that is environmental symbiosis to reduce impacts to the environment, TCC actively researches the means of resource reuse to replace natural materials and raw materials. This not only reduces the consumption of cement products, but also the emissions of greenhouse gases. In 2018, the BS8001 circular economy assessment and certification were introduced. The Company has been certified as "Optimal" by SGS. This promotes the enhancement of the efficiency of resource utilization, and has obtained a good quality certificate for cement.

Sustainable Ecology: The "Dr. Cecilia Koo Botanic Conservation and Environmental Protection Development Foundation" was established in January 2007. The key task of the foundation is the establishment of the Dr. Cecilia Koo Botanic Conservation Center (KBCC) in Kaoshu Rural Township, Pingtung County. The mission of KBCC is to conserve tropical and sub-tropical plants and maintain rich biodiversity on earth. This is an implementation of the philosophy of TCC, namely sustainable development, environmental conservation, and adoption of climate changes.

2. Identifications of Risks and Opportunities of Climate Change – Climate Change Risks

Laws and policy aspect:

Under the related policies of energy and the circular economy of the central government, TCC stays true as an eco-solution provider, to support all works favorable to the mitigation and adoption of climate change, and we expect ourselves to assist the enterprises and local governments by providing mitigation for the impacts to the environment.

Enterprise risk management aspect:

Global warming leads to irregular climates and the frequency of extreme climates increases, and thus results in the suspension of production and endangered lives and properties of employees. The internal contingency plans and the procedures of risk management of TCC regularly review these disasters and have the countermeasures in place. We even integrate the adoption of climate changes into the plant design (e.g. the coal warehouse in Ho-Ping Power Plant)

as the control of risks.

Approach of Product Management:

Lower the energy consumption of the per product unit through the systematic management. Also, regarding product development, the alternative materials and fuels from the recycled resources are used to enhance the efficiency of resources, while reducing carbon, lowering the risk of material shortages that result from climate change. The recycled resources applied per cement unit in 2019 have increased to 19.07%.

Climate Change Opportunities:

Aspect of International Issues and Policies/Regulations:

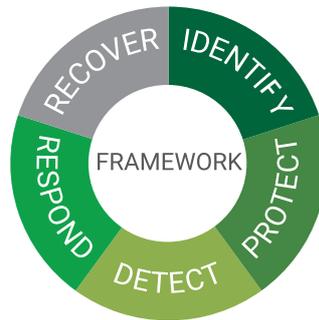
In addition to TCC Group continuously implementing the inventory and reduction of emissions, we are also the first one proposing the green value chain and supply chain to correspond with the governmental energy and circular economy policies. We participated in relative research such as CCUS, creating the opportunities corresponding to climate changes, and joined the Government's various resource reuse and renewable energy plans. In addition, the Group's CEO, An-Ping Chang, signed a letter of commitment to approve the SBTi (Science Based Targets Initiative) on December 1, 2019. Within the next two years, we plan to review the Group's opportunities for carbon reduction and formulate reduction targets based on scientific methods, showing the Group's ambition on adapting to climate change.

Aspect of Operations and Management: In addition to seeking sustainable growth and actively collaborating with the Government in regard to environmental protection, TCC also keeps on educating our employees and communicating with our stakeholders to have them also contribute to the adoption of climate change.

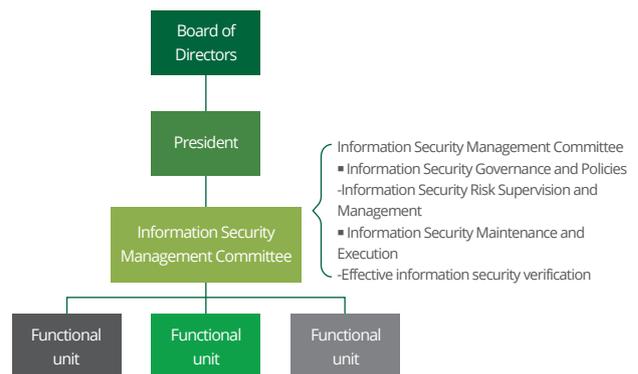
Aspect of Product Management: Improving the energy efficiency and the completeness of the disclosure for carbon emissions. We seek not only the better quality of products, but also the awareness of consumers to our efforts for energy-savings and the adoption of climate changes during the process of producing low-carbon cement.

(2) Information Security

Corresponding to the risks related to corporate sustainability as well as the opportunities and challenges it brings, the Company not only deepens and implements IT security in daily business operations, but also adheres to international IT security standards (e.g. ISO 27001, NIST), continues to improve the governance and technology of our security infrastructure, strengthen cyber security defense equipment, as well as security situation analysis and education and training. In addition, it comprehensively enhances security protection capabilities which cover management and technology, and reduce the risk of security incidents which interrupt businesses, in order to ensure the best protection on corporate information and services, achieving zero security breaches in 2019.



In order to improve IT security governance, TCC plans to establish the "TCC Information Security Management Committee" to be responsible for reviewing security management policies of each subsidiary, supervising the Group's IT security management, and regularly reporting IT security management status to the Board of Directors. In addition, TCC Information Systems Corp., was appointed to be responsible for the governance, planning, supervision, and implementation of the Group's IT security, in order to set a comprehensive security defense capability and IT security awareness among employees.



The Group adopted external security measures to avoid external attacks such as malicious hackers, computer viruses, and extortion emails with the defense-in-depth mechanism, affecting stable operations of the Company's operating system. The concept of DNA for information security is advocated to employees through education and training and regular announcements, assessing the appropriateness and effectiveness of information security policies and operations on a regular basis, and formulating project plans to continuously improve protective measures and mitigate IT security risks. In addition, the Group attaches great importance to information security and protection of confidential information, and adopts a PDCA (Plan-Do-Check-Act) cycle for management systems through three aspects: Information risk management, information security management, and information security audits. This ensures achievement and continued improvement of the reliability target, implementing information security and protection.



Information risk management

- Setting information security policies and specifications.
- Assess information security risks and set up control mechanisms.
- Investigation and verification of information security incidents.

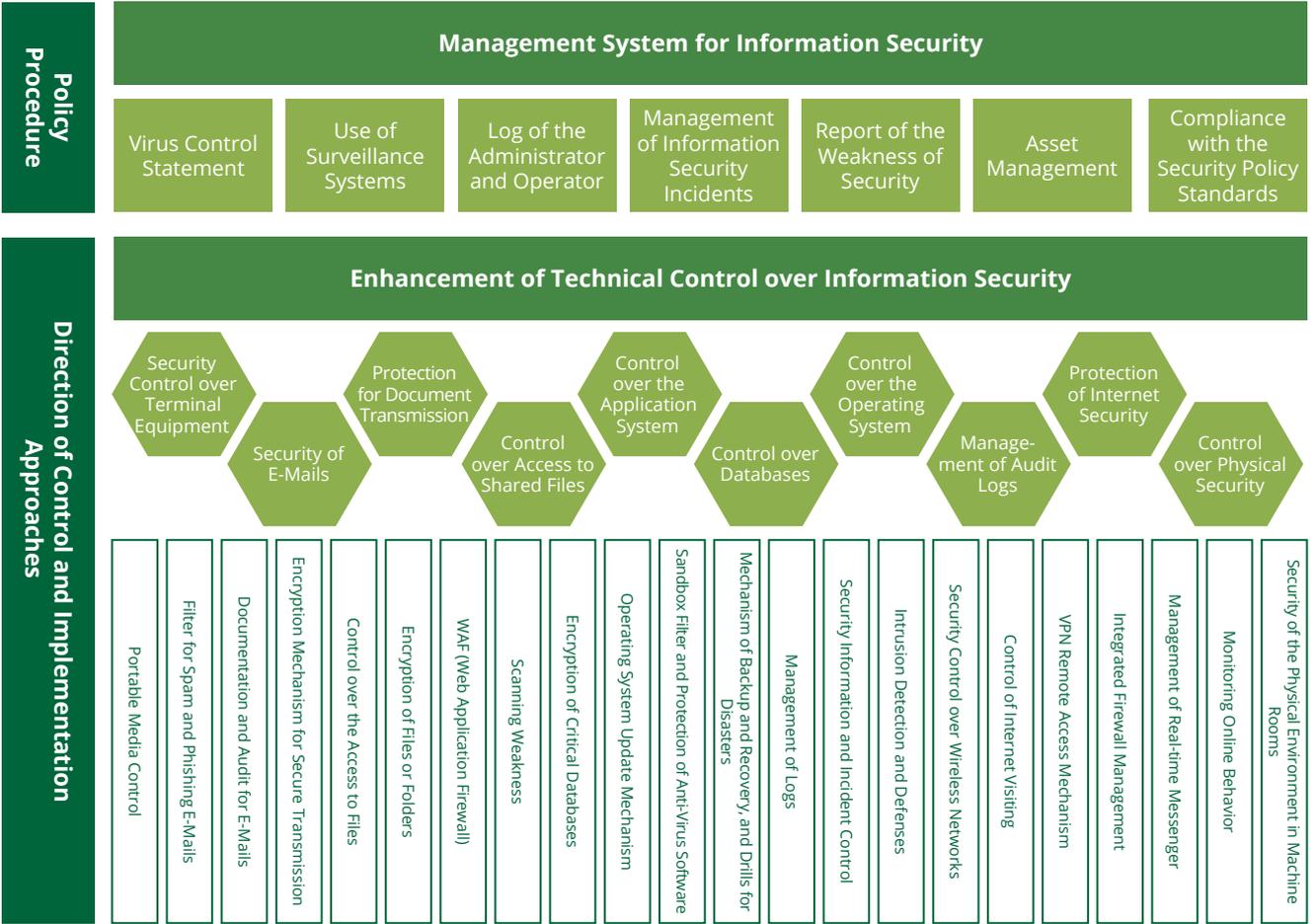
Information Security Management

- Planning and execution of information security architecture.
- Assessment and introduction of information security program.

Information security audit

- Formulate and execute information audits and disposal procedures.
- Information security education advocacy, legal compliance and case analysis.
- Assessment, introduction, management and maintenance of audit and equipment information.

In the face of business competition and global challenges, information security and operational data protection are the key foundations for corporate sustainability and maintenance of core competitiveness. In order to ensure the stability, security, and availability of information systems, the Group has dedicated efforts to strengthening information security management and defense mechanisms for a safe and reliable computerized operational environment to ensure system, data, equipment, and network security, protect the Company's critical data, and ensure information system operations to achieve advanced forecasting, immediate detection, and quick responses.



In addition to the backup of data and remote backup of system, the daily business continuity of the Company also includes the recovery of the core business from disasters, with an annual drill required, to ensure the effectiveness of the backup procedure and data, for the purpose of preventing the risks of disasters, ensuring the seamless continuation of the information system, as the foundation of the sustainable operation of TCC.

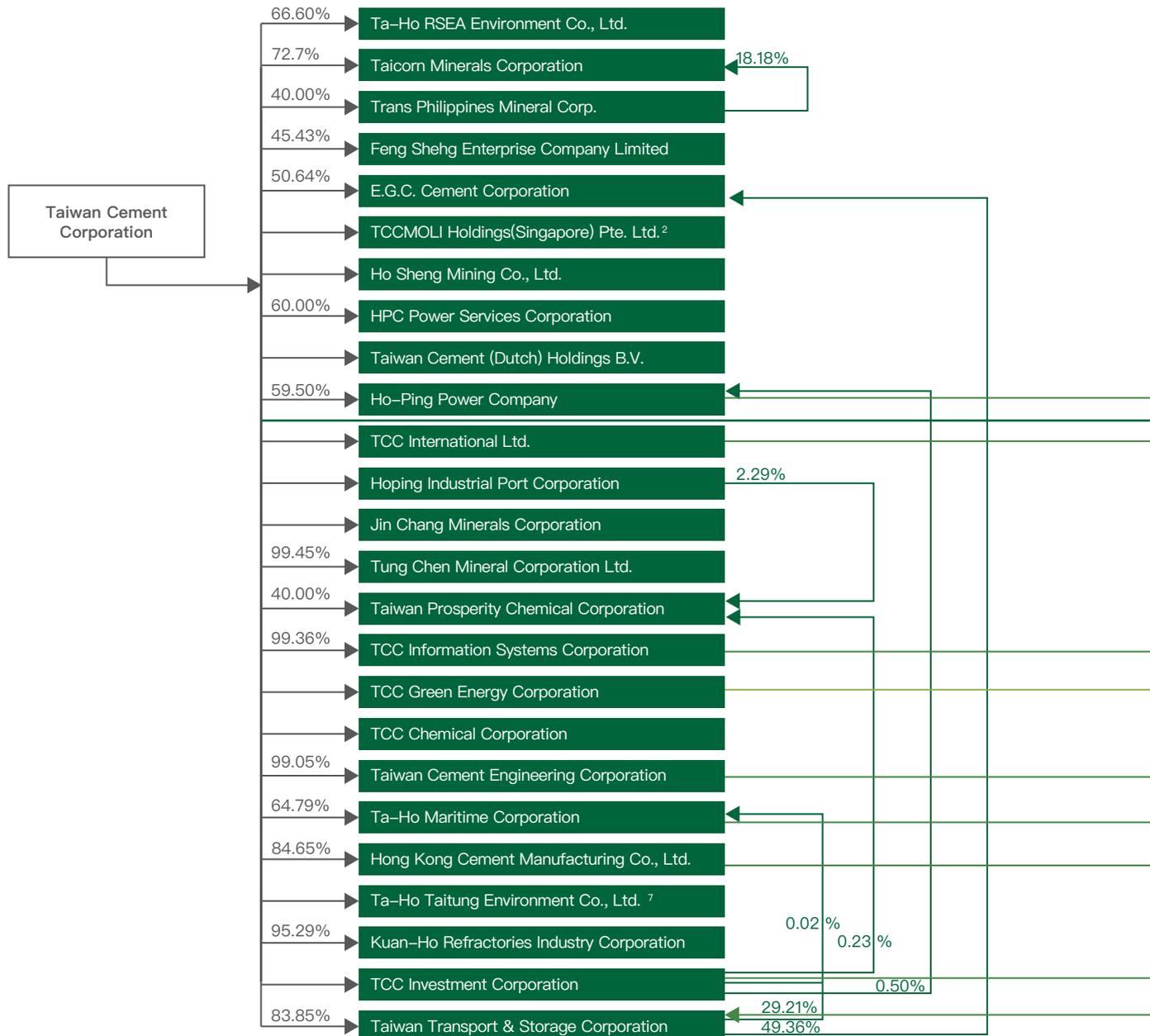
7.7 Other material information: As of 2019 and 2020 up to the date of publication of the annual report, TCC has no other material information.

Special notes

8.1 Information of affiliates

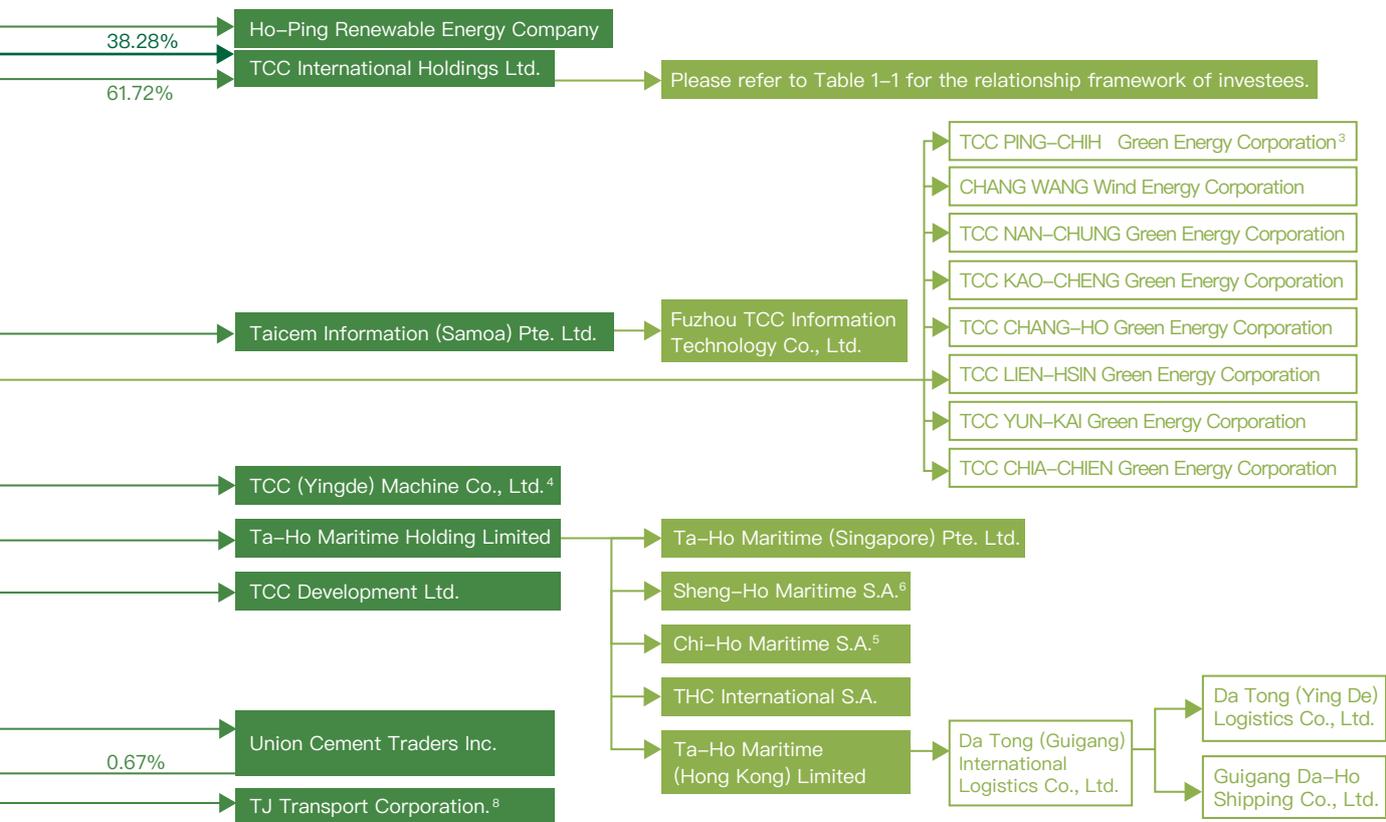
The scope of business covered by all TCC affiliates include the generation of electricity and the manufacture and sales of and chemicals; land transportation; sea transportation; manufacture and sales of fire-retardant materials; the undertaking of environmental control projects, the manufacture, service and sales of related products and equipment, and the undertaking of waste disposal; the design, production, installation, service, sales, and consultation service of information products; outsourcing constructors to build public housing and the lease and sales of office buildings; and coal-fired generation.

Table 1 Taiwan Cement Corporation and its subsidiaries Consolidated Organization Chart
December 31, 2019



1. Unless specified otherwise, shareholdings of others are 100%.
2. TCCMOLI Holdings(Singapore) Pte. Ltd. (TCCMOLI) was founded on June 12, 2019.
3. TCC PING-CHIH Green Energy Co., Ltd. was founded on August 8, 2019.

The connection of affiliates is: TCC manufactures cement, Taiwan Transport & Storage Corporation offers land transaction within Taiwan, Ta-Ho Maritime Corporation and its subsidiaries provides sea transportation and land transportation in mainland China, TCC Information Systems Corporation takes charge of data processing, and Kuan-Ho Refractories Industry Corporation supplies fire-retardant materials. Transactions among affiliates are governed by contracts or purchase orders to specify the rights and obligations of each party. Prices are determined based on the market price. The price of products without a price is set upon a fair principle.



4. TCC (Yingde) Machine Co., Ltd.'s cancellation was completed in December 2019.

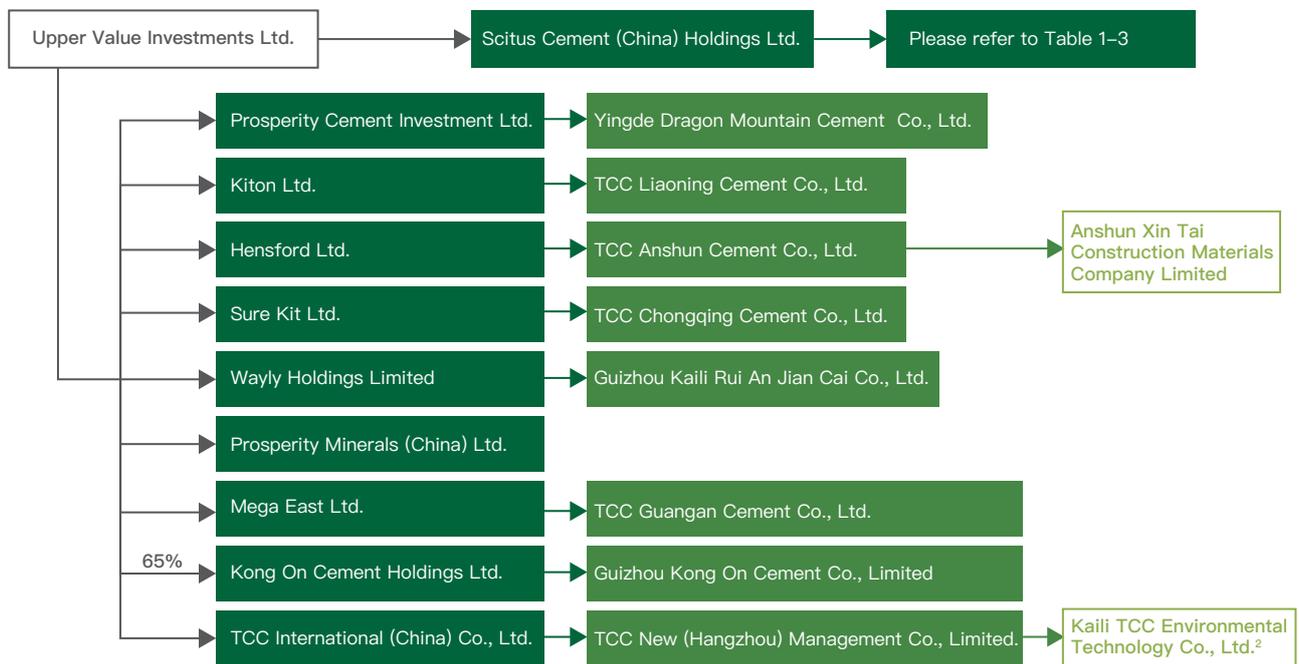
5. Chi Ho Maritime S.A. cancellation was completed in August 2019.

6. Sheng Ho Maritime S.A. cancellation was completed in September 2019.

7. Ta-Ho Taitung Environment Co., Ltd.'s liquidation was completed in December 2019 and the court is currently checking.

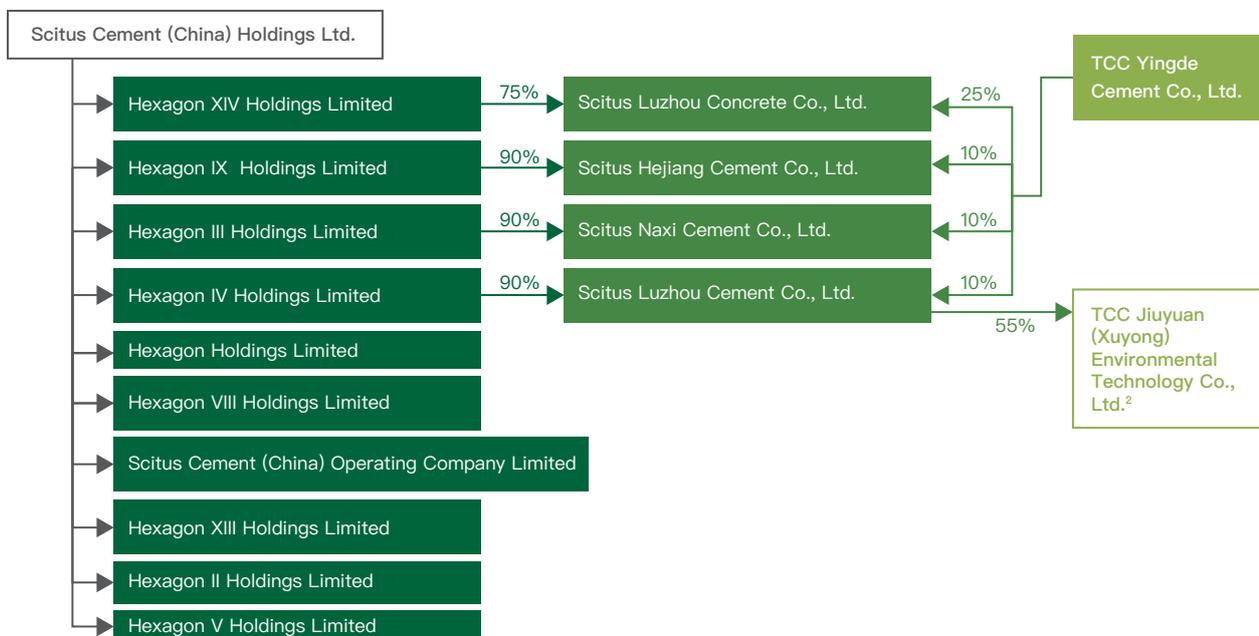
8. TJ transport Corporation was founded on August 22, 2019.

Table 1-2 Taiwan Cement Corporation and its subsidiaries
Organization Chart of Upper Value Investments Ltd. and Its Subsidiaries December 31, 2019



1. Unless specified otherwise, all shareholdings are 100%.
2. Kaili TCC Environmental Technology Co., Ltd. was founded on January 17, 2019.

Table 1-3 Taiwan Cement Corporation and its subsidiaries
Organization chart of Scitus Cement (China) Holdings Ltd. and its subsidiaries December 31, 2019



1. Unless specified otherwise, stockholders of others are 100%.
2. TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd. was founded on January 3, 2019.

Data of affiliates

December 31, 2019 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Taiwan Transport & Storage Corporation	1955/12/30	10F, No. 113, Section 2, Zhongshan North Road, Zhongshan District, Taipei City	389,620	Cargo transportation, cargo storage, customs clearance, construction material wholesale, sea transportation understanding, coal and coal product wholesale, automobile container transportation, construction material wholesale, desilting
TJ Transport Corporation ¹	2019/8/22	8F, No. 113, Section 2, Zhongshan North Road, Zhongshan District, Taipei City	25,000	Cargo transportation, cargo storage
Taiwan Cement Engineering Corporation	1974/9/2	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	601,656	1. Manufacture and sales of chemical engineering machinery and its accessories. 2. Design, manufacture, and installation of equipment for pollution prevention and waste disposal 3. Repair and manufacture of railroad carriers for bulk cement, stone, and coal; bulk cement trailers; and related parts.
TCC (Yingde) Machinery Co., Ltd. ²	2005/1/13	Inside the TCC (Yingde) Cement Plant in Aishanping Village, Yingcheng, Yingde City	-	Production and sales of cement machinery; and design and assembly of accessories for power plant equipment, incinerator equipment, and environmental equipment.
Kuan-Ho Refractories Industry Corporation	1973/7/26	No. 932, Jianfeng Road, Neighborhood 13, Lankeng Borough, Toufeng Town, Miaoli County	190,000	1. Manufacture and trading of fire-retardant materials, heat insulation materials, and acid- and alkaline-resistant instruments. 2. Manufacture and trading of ceramics and construction materials. 3. Processing and trading of silver sand clay and red sand clay. 4. Trading of fire-retardant and ceramic materials and accessories. 5. Investment in production-sales or government supported special economic development projects relating to fire-retardant and ceramic materials. 6. Design and installation of furnace lining.
TCC Green Energy Corporation	1989/8/7	No. 11, Changbin East 1 st Road, Wenzhi village, Xianxi Township, Changhua County	3,208,987	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC CHIA-CHIEN Green Energy Corporation	2018/5/4	No. 8, Xinsheng St., Minxiang Township, Chiayi County	752,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC YUN-KAI Green Energy Corporation	2018/5/4	No. 41, Shanzimen, Erlun Township, Yunlin County	25,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC LIEN-HSIN Green Energy Corporation	2018/5/8	No. 263, Heping, Xiulin Township, Hualien County	12,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC CHANG-HO Green Energy Corporation	2018/7/10	No. 11, Changbin East 1 st Road, Wenzhi Village, Xianxi Township, Changhua County	5,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
TCC KAO-CHENG Green Energy Corporation	2018/7/18	No. 16, Gongye 1 st Rd., Renwu Dist., Kaohsiung City	12,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC NAN-CHUNG Green Energy Corporation	2018/9/6	No. 36, Taiyi 7 th St., Rende Dist., Tainan City	170,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
CHANG-WANG Wind Power Co., Ltd.	2018/12/12	No. 11, Changbin East 1 st Road, Wenzi Village, Xianxi Township, Changhua County	720,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC PING-CHIH Green Energy Corporation ³	2019/8/8	No. 8, Gongye 5 th Rd., Pingtung City, Pingtung County	2,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
Hong Kong Cement Manufacturing Co., Ltd.	1962/8/29	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 45,000,000	Investment holdings.
TCC Development Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	Ordinary shares:USD 10 Non-voting deferred shares:USD 90	Investment holdings.
Ta-Ho Maritime Corporation	1979/9/4	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	2,014,503	Ship transportation and shipping agent
Ta-Ho Maritime Holdings Ltd.	1995/6/20	Offshore, Chanbers, P.O. Box 217, Apia, Western Samoa	USD 10,300,000	Investment holdings.
THC International S.A.	1990/4/12	53 rd Street, Urbanizacion Obarrio Torre Swiss Bank, 16 th Floor, Panama, R.O. Panam	USD 30,310,000	Ship transportation
Chi Ho Maritime S.A. ⁴	1994/1/26	53 rd Street, Urbanizacion Obarrio Torre Swiss Bank, 16 th Floor, Panama, R.O. Panam	-	Ship transportation
Sheng Ho Maritime S.A. ⁵	1994/2/3	53 rd Street, Urbanizacion Obarrio Torre Swiss Bank, 16 th Floor, Panama, R.O. Panam	-	Ship transportation
Ta-Ho Maritime (Hong Kong) Limited	2008/5/30	31 st Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.	USD 5,100,000	Ship transportation
Ta-Ho Maritime (Singapore) Pte. Ltd.	2008/9/25	8 Cross Street#11-00 Pwc Building Singapore 048424	USD 100,000	Ship transportation

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Da Tong (Guigang) International Logistics Co., Ltd.	2008/9/28	People's Government, Hualian Town, Qintang District, Guigang City	USD 5,000,000	Logistics
Guigang Da-Ho shipping Co., Ltd.	2008/11/19	People's Government, Hualian Town, Qintang District, Guigang City	RMB 4,000,000	Ship transportation
Da Tong (Ying De) Logistics Co., Ltd.	2012/3/8	2 nd Floor, Honglou, Guanyinshan, Yingcheng Subdistrict, Yingde City	RMB 5,000,000	Logistics
TCC Investment Corporation	1988/6/21	11F, No. 113, Section 2, Zhongshan North Road, Taipei City.	1,073,550	Investment holdings.
Union Cement Traders Inc.	1990/11/15	11F, No. 113, Section 2, Zhongshan North Road, Taipei City.	219,450	Trading
TCC Chemical Corporation	1991/4/11	9F, No. 113, Section 2, Zhongshan North Road, Taipei City	2,400,000	Property Leasing Energy technology service
TCC Information Systems Corporation	1991/4/10	9F, No. 113, Section 2, Zhongshan North Road, Taipei City	150,000	1. Design, installation, sales, maintenance, and lease of computer and information software products. 2. EPC contracting of automation control projects and computerization projects. 3. Enquiries and consultation for computerization.
Taicem Information (Samoa) Pte. Ltd.	2003/2/24	Trust Chambers, Lotemau Centre, P. O. Box 1225, Apia, Samoa.	3,412	Investment holdings.
Fuzhou TCC Information Technology Co., Ltd.	2003/8/6	TCC (Fuzhou) Corporation Building, Yangyu Village, Hangcheng Street, Changle City, Fujian Province	RMB 827,000	Development and production of software products; maintenance and after-sale service of precision instruments and equipment.
Taiwan Prosperity Chemical Corporation	1991/5/28	9F, No. 113, Section 2, Zhongshan North Road, Taipei City	2,919,750	Isopropylbenzene, phenol, acetone, cyclohexanone, BPA, and maleic anhydride.
Tung Chen Mineral Corporation	1973/1/6	No. Heping 263, Heping Village, Xiulin Township, Hualien County	2,000	Mining, sales, processing, and trading of minerals
Jin Chang Minerals Corporation	1999/7/1	No. Heping 263, Heping Village, Xiulin Township, Hualien County	18,000	Wholesale of minerals, bricks, tiles, and stone; and sand and gravel excavation
Hoping Industrial Port Corporation	1996/5/8	No. 6, Hegong 5 th Road, Heping Village, Xiulin Township, Hualien County	3,200,000	Operations, maintenance and management of Hoping Industrial Port
Ho Sheng Mining Co., Ltd.	2011/3/31	10F, No. 113, Section 2, Zhongshan North Road, Taipei City.	301,000	sand and gravel excavation

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Ho-Ping Power Company	1997/10/29	No. 7, Hegong 2 nd Road, Heping Village, Xiulin Township, Hualien County	13,545,215	<ol style="list-style-type: none"> Coal-fired power plant. Import and trading of fuel coal for power generation. Import and trading of raw materials and parts for generation equipment. Manufacture, processing, and trading of gypsum, coal dust, and bottom ash. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Ho-Ping Renewable Energy Company	2018/4/9	No. 7, Hegong 2 nd Road, Heping Village, Xiulin Township, Hualien County	1,000	<ol style="list-style-type: none"> Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing. Self-usage power generation equipment utilizing renewable energy industry. Electricity Equipments Checking and Maintenance. Apparatus Installation Construction. Energy Technical Services.
Ta-Ho Taitung Environment Co., Ltd. ⁶	2000/12/12	7F, No. 16-2, Dehui Street, Taipei City	-	J101040 waste disposal
HPC Power Services Corporation	1999/01/29	No. 7, Hegong 2 nd Road, Heping Village, Xiulin Township, Hualien County	3,107	Operations, management, and consultation of power plants, and business activities permitted under the law of the British Virgin Islands
Ta-Ho RSEA Environment Co., Ltd.	2002/12/11	7F, No. 16-2, Dehui Street, Taipei City	1,000,000	J101040 waste disposal
E.G.C. Cement Corporation	1992/5/26	Lane 23, No. 6, Xingang Road, Tainan City	159,200	Sales and processing of cement, asphalt, and gypsum
Feng Shehg Enterprise Company Limited	1997/9/25	No. 294, Fengren Road, Renwu District, Kaohsiung City.	600,000	Soil and gravel mining, leasing, ready mixed concrete manufacture, international trade, manufacture and retail of stone and construction materials, other environmental services, all business items that are not prohibited or restricted by law, except those that are subject to special approval.
Taicorn Minerals Corp.	1995/6/20	8 th Fl., Unit A, Legaspi Towers 300, 2600 Roxas Boulevard, Malate, Manila, the Philippines	PHP 16,500,000	Mining
Trans Philipines Mineral Corp.	1996/2/2	8 th Fl., Unit A, Legaspi Towers 300, 2600 Roxas Boulevard, Malate, Manila, the Philippines	PHP 5,000,000	Mining
TCC International Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 1,100,876,000	Investment holdings.

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
TCC International Holdings Ltd.	1997/7/4	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	Common share capital HKD 674,492,964	Investment holdings.
TCC International (Guangxi) Limited	2004/10/13	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 203,000,000	Investment holdings.
TCC (Guigang) Cement Ltd.	2005/12/28	Huanglian Valley, Huanglian Town, Qintang District, Guigang City	USD 332,875,900	Manufacture and distribution of clinkers and cement
TCC Hong Kong Cement (BVI) Holdings Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 16,000	Investment holdings.
Ulexite Investments Ltd.	1999/8/12	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 200	Investment holdings.
HKC Investments Ltd. ⁷	2000/3/3	11F, No. 113, Section 2, Zhongshan North Road, Taipei City.	-	Investment holdings.
TCC Hong Kong Cement Development Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	Ordinary shares: USD 10 Non-voting deferred shares: USD 90	Property held
TCC Hong Kong Cement (QHC) Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 100	Investment holdings.
Chiefolk Company Ltd.	1989/4/18	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1,000,000	Investment holdings.
TCC International(Liuzhou) Ltd.	2003/2/26	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 50,000	Investment holdings.
TCC Liuzhou Company Ltd.	2007/11/9	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 10,000	Investment holdings.
TCC Hong Kong Cement (Yargoan) Ltd.	1997/3/12	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 100	Investment holdings.

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
TCC Hong Kong Cement (HKC) Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 100	Investment holdings.
Hong Kong Cement Company Ltd.	1997/6/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 164,391,000	Import and distribution of cement
TCC Hong Kong Cement (Philippines) Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 100	Investment holdings.
TCC Cement Corporation	1996/2/21	Unit 16-E, Legaspi Towers 300 Roxas Blvd., Malate, Manila, Phils.	PHP 91,020,500	Investment holdings.
TCC Hong Kong Cement (International) Ltd.	1997/6/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 1,700	Investment holdings.
TCC International (Hong Kong) Co., Ltd.	2007/10/25	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 10,163,557,694	Investment holdings.
TCC Fuzhou Yangyu Port Co., Ltd.	2002/5/17	West Side, Xizhe Line, Yangyu Village, Hangcheng Town, Changle City, Fujian Province, China	USD 5,000,000	Pier facilities and services
TCC Liuzhou Construction Materials Co., Ltd.	2003/10/21	102 Anchunjiang Road, Liuzhou City, Guangxi Zhuang Autonomous Region, China	USD 13,500,000	Manufacture and distribution of bottom ash
TCC Fuzhou Cement Co., Ltd.	2002/5/17	West Side, Xizhe Line, Yangyu Village, Hangcheng Town, Changle City, Fujian Province, China	USD 16,250,000	Manufacture and distribution of cement
Anhui King Bridge Cement Co., Ltd. ⁸	1997/12/18	Gangyi Road, Wuhu City Economic and Technology Development Zone, Anhui Province, China	-	Manufacture and distribution of bottom ash
TCC Yingde Cement Co., Ltd.	2003/9/15	Guanyinshan, Yingcheng Subdistrict, Yingde City	USD 254,400,000	Manufacture and distribution of clinkers and cement
Jurong TCC Cement Co., Ltd.	1993/6/26	Qiaotou Town, Jurong City, Jiangsu Province, China	USD 233,000,000	Limestone mining, and production and sales of cement and cement products.
Chia Hsin Cement Greater China Holding Corp.	2003/6/10	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 11,429,000	Investment holdings.
Jingyang Industrial Ltd.	1991/2/12	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 101,614,561	Investment holdings.

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
JiangSu TCC Investment Co., Ltd.	2009/5/27	Block 11, Mianzhongchang, Qiaotou Town, Jurong City, Jiangsu Province, China	USD 50,000,000	Investment holdings.
Upper Value Investments Limited	2008/1/2	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	USD 12,700	Investment holdings.
Prosperity Cement Investment Limited	2006/1/24	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 759,955,769	Investment holdings.
Yingde Dragon Mountain Cement Co., Ltd.	2003/3/10	Wanpu Town, YingdeCity, Guangdong Province, China	RMB 428,110,000	Manufacture and distribution of clinkers and cement
Prosperity Minerals (International) Limited	2004/4/23	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 28,533,976	Investment holdings.
Kiton Ltd.	2007/12/17	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 685,926,583	Investment holdings.
TCC Liaoning Cement Company Limited	2007/12/14	Xidayao Village, Xidayao Town, Dengta City, Liaoyang, Liaoning Province, China	RMB 371,000,000	Manufacture and distribution of clinkers and cement
Hensford Ltd.	2007/12/19	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 1,191,945,979	Investment holdings.
TCC Anshun Cement Company Limited	2008/5/27	Martin Village, Chengguan Town, Pingba District, Anshun City, Guizhou Province, China	USD 153,490,000	Manufacture and distribution of clinkers and cement
Sure Kit Limited	2008/2/13	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 953,818,809	Investment holdings.
TCC Chongqing Cement Company Limited	2008/6/3	Jianliang Village, Yanjing Town, Hechuan District, Chongqing City, China	USD 118,000,000	Manufacture and distribution of clinkers and cement
Prime York Ltd.	2007/12/17	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 532,147,515	Investment holdings.
Prosperity Minerals (China) Limited	2007/7/26	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	USD 10,300	Investment holdings.

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Mega East Limited	2008/4/16	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 597,603,470	Investment holdings.
TCC Guangan Cement Company Limited	2009/8/25	Jijian Village, Qianfeng Town, Guangan District, Guangan City, Sichuan Province, China	USD 76,990,000	Manufacture and distribution of clinkers and cement
TCC (DongGuan) Cement Company Limited	2010/5/10	4 th Floor, 8 Jinniu Road, Wanniidun Town, Dongguan City, China	USD 20,000,000	Transfer of cement and cement products
TCC International (China) Company Limited	2011/1/14	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 62,143,260	Investment holdings.
TCC New (Hangzhou) Management Company Limited	2011/5/13	Room 1902, 19 th Floor, Jialianhua Building, 586 Jiaguo North Road, Hangzhou, China	USD 8,000,000	Business management
Kong On Cement Holdings Ltd.	2009/4/29	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 127,440,000	Investment holdings.
Guizhou Kong On Cement Co., Ltd.	2009/6/9	Shibanjing Village, Tingyun Township, Guanling County, Anshun City, Guizhou Province, China	USD 20,300,000	Manufacture and distribution of clinkers and cement
Wayly Holdings Limited	2007/7/16	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 10,501	Investment holdings.
Guizhou Kaili Rui An Jian Cai Co., Ltd.	2008/2/20	Xintai Village, Ximahe District, Kaili City, Guizhou Province, China	RMB 389,660,500	Manufacture and distribution of clinkers and cement
TCC Shaoguan Cement Co., Ltd.	2011/11/3	Shijiao Village, Wushi Town, Cuijiang District Shaoguan City, Guangdong Province, China	USD 69,100,000	Manufacture and distribution of clinkers and cement (in preparation)
TCC Yingde Mining Industrial Company Limited	2004/4/13	Aishanping Village, Yingde City, Guangdong Province, China (inside the mining site of TCC Yingde Cement Co., Ltd.)	USD 11,500,000	Provision of limestone mining service
TCC Guigang Mining Industrial Company Limited	2007/6/28	Huanglian Valley, Huanglian Town, Qintang District, Guigang City (inside the mining site of TCC Guigang Cement Ltd.)	USD 5,000,000	Provision of limestone mining service
TCC Jiangsu Mining Industrial Company Limited	1996/10/21	Dazhuo Township, Jurong City, Jiangsu Province, China	USD 4,000,000	Provision of limestone mining service
Scitus Cement (China) Holdings Limited	2007/10/30	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1,245,257,277	Investment holdings.

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Scitus Cement (China) Operating Company Limited	2008/1/9	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 10,000	Investment holdings.
Hexagon Holdings Limited	2007/3/1	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon II Holdings Limited	2008/1/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Upper Value Investment Ltd.	2008/5/20	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon III Holdings Limited	2008/1/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 79,500,001	Investment holdings.
Hexagon IV Holdings Limited	2008/3/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 136,430,001	Investment holdings.
Hexagon V Holdings Limited	2008/3/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon VIII Holdings Limited	2008/5/20	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon IX Holdings Limited	2008/5/20	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon XIII Holdings Limited	2008/11/6	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon XIV Holdings Limited	2008/11/6	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Scitus Luzhou Cement Co., Ltd.	2008/5/5	Community 1, Fulong Village, Zhendong Township, Xuyong County, Luzhou City	RMB 395,000,000	Manufacture and distribution of clinkers and cement
Scitus Hejiang Cement Co., Ltd.	2002/8/7	Communities 3 and 4, Chaofang Village, Hejiang Town, Hejiang County, Luzhou City, Sichuan Province	RMB 23,250,000	Manufacture and distribution of cement

1. TJ transport Corporation was founded on August 22, 2019.
2. TCC (Yingde) Machine Co., Ltd.'s cancellation was completed in December 2019.
3. TCC PING-CHIH Green Energy Co., Ltd. was founded on August 8, 2019.
4. Chi Ho Maritime S.A. cancellation was completed in August 2019.
5. Sheng Ho Maritime S.A. cancellation was completed in September 2019.
6. Ta-Ho Taitung Environment Co., Ltd.'s liquidation was completed in December 2019 and the court is currently checking.
7. HKC Investments Ltd.'s liquidation was completed in September 2019 and the court is currently checking.
8. Anhui King Bridge Cement Co., Ltd.'s cancellation was completed in January 2019.
9. Beijing TCC Environmental Technology Co., Ltd. was founded on March 18, 2019.
10. Kaili TCC Environmental Technology Co., Ltd. was founded on January 17, 2019.

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Scitus Luzhou Concrete Co., Ltd.	2009/5/13	Naxi District Industrial Development Zone, Luzhou City, Sichuan Province	RMB 23,250,000	Manufacture and distribution of concrete
Scitus Naxi Cement Co., Ltd.	2009/5/13	Naxi District Industrial Development Zone, Luzhou City, Sichuan Province	RMB 146,510,000	Manufacture and distribution of cement
Anshun Xin Tai Construction Materials Company Limited	2012/2/13	Matian Village, AnPing Office, Pingba County, Anshun City, Guizhou Province, China	RMB 15,000,000	Manufacture and distribution of sand, gravels, and aggregates
TCC Huaying Cement Company Limited	2009/7/24	Longqiao Village, Xikou Town, Huaying City, Sichuan Province	RMB 949,880,000	Manufacture and distribution of clinkers and cement
TCC Huaihua Cement Company Limited	2001/1/12	Wuli Village, Luyang Town, Zhongfang County, Hunan Province	RMB 93,000,000	Manufacture and distribution of clinkers and cement
TCC Jingzhou Cement Company Limited	2008/8/20	Pukou Township, Jingzhou County, Huihua City, Hunan Province	RMB 10,000,000	Manufacture and distribution of clinkers and cement
TCC Huaihua Concrete Company Limited	2009/9/24	Wuli Village, Luyang Town, Zhongfang County, Huihua City, Hunan Province	RMB 10,000,000	Manufacture and distribution of concrete
Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd.	2018/6/7	Huanglian Valley, Huanglian Town, Qintang District, Guigang City	RMB 126,000,000	Development of technologies for environmental protection products
Beijing TCC Environmental Technology Co., Ltd. ⁹	2019/3/18	Room B2001, 20 / F, building 1, No.36, Beisanhuan East Road, Dongcheng District, Beijing	RMB 6,000,000	Development of technologies for environmental protection products
Kaili TCC Environmental Technology Co., Ltd. ¹⁰	2019/1/17	Xintai Village, Ximahe St, Kaili City, Guizhou Province	RMB 8,000,000	Development of technologies for environmental protection products
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd. ¹¹	2019/1/3	Fulong village, Zhendong Township, Xuyong County, LuZhou City, Sichuan province	RMB 4,000,000	Development of technologies for environmental protection products
Taiwan Cement (Dutch) Holdings B.V.	2018/11/08	Kingsfordweg 103, 1043GP Amsterdam	EUR 831,431,000	Investment holdings.
TCCMOLI Holdings(Singapore) Pte. Ltd. (TCCMOLI) ¹²	2019/6/12	50 RAFFLES PLACE #32-01 SINGAPORE LAND TOWER SINGAPORE(048623)	USD 30,000	Investment holdings.
TCC (Hangzhou) Environmental Protection Technology Co., Ltd. ¹³	2019/3/25	Room 391,857 shi xin bei road, Xiaoshan District, Hangzhou City, Zhejiang Province PRC China	RMB 700,000,000	Environment, cement, business management consulting
TCC (Hangzhou) Renewable Resources Technology Co., Ltd. ¹⁴	2020/4/24	Room 808, Unit 1, Building 1, Shengde International Plaza, Xin'anjiang Street, Jiande City, Hangzhou City, Zhejiang Province	-	Renewable Resources, Environment, business management

11. TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd. was founded on January 3, 2019.

12. TCCMOLI Holdings(Singapore) Pte. Ltd. (TCCMOLI) was founded on June 12, 2019.

13. TCC (Hangzhou) Environmental Protection Technology Co., Ltd. was founded on March 25, 2019.

14. TCC (Hangzhou) Renewable Resources Technology Co., Ltd. was founded on April 24, 2020.

Profiles of directors, supervisors, and presidents of affiliates

April 30, 2020 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Taiwan Transport & Storage Corporation	Chairman	Representative of Taiwan Cement Corporation: Kung-Yi Koo	32,668,031	83.85
	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang, Jong-Peir Li, Chien-Chiang Huang, Chien-Chuan Wang		
	Supervisor	Representative of Union Cement Traders Inc.: Xiao-En Tseng	261,278	0.67
	President	Cynthia.Wu	-	-
TJ Transport Corporation ¹	Chairman	Representative of Taiwan Transport & Storage Corporation: Kung-Yi Koo	2,500,000	100.00
Taiwan Cement Engineering Corporation	Chairman	Representative of Taiwan Cement Engineering Corporation: Ker-Fu Lu	59,593,414	99.05
	Director	Representatives of Taiwan Cement Corporation: Chien-Chuan Wang, Chien-Chiang Huang		
	Supervisor	Representative of Taiwan Cement Corporation: Guo-Hong Yeh		
	President	Ker-Fu Lu	-	-
TCC (Yingde) Machinery Co., Ltd. ²	Chairman	Representative of Taiwan Cement Engineering Corporation: Ker-Fu Lu	-	-
	Director	Representative of Taiwan Cement Engineering Corporation: Cen-Wei Lan, Cheng-Dao Qiang		
Kuan-Ho Refractories Industry Corporation	Chairman	Representative of Taiwan Cement Corporation: Yi-Cai Hu	18,105,000	95.29
	Director	Representatives of Taiwan Cement Corporation: Chih-Jen Liu, Chien-Chuan Wang, Chia-Pei Wei, Kuang-Hsi Chen		
	Supervisor	Representative of Taiwan Cement Corporation: Guo-Hong Yeh		
	President	Chih-Jen Liu	-	-
TCC Green Energy Corporation	Chairman	Representative of Taiwan Cement Corporation: Ker-Fu Lu	320,898,696	100.00
	Director	Representatives of Taiwan Cement Corporation: Wei-Jue Hong, Jin-Lung Yu		
	Supervisor	Representative of Taiwan Cement Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC CHIA-CHIEN Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	75,200,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC YUN-KAI Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	2,500,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC LIEN-HSIN Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	1,200,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC CHANG-HO Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	500,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC KAO-CHENG Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	1,200,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC NAN-CHUNG Green Energy Corporation	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	17,000,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
CHANG-WANG Wind Power Co., Ltd.	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	72,000,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
TCC PING-CHIH Green Energy Corporation ³	Chairman	Representative of TCC Green Energy Corporation: Ker-Fu Lu	200,000	100.00
	Director	Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu		
	Supervisor	Representative of TCC Green Energy Corporation: Xiao-En Tseng		
	President	Chi-Liang Weng	-	-
Hong Kong Cement Manufacturing Co., Ltd.	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang, Chang Yong, Kung-Yi Koo	38,094	84.65
		Representative of Wing Fat Investments Inc.: Cheuk-Wai Chan	881	1.96
		Hwai-Chen Koo	-	-
		Han-Ton Lin	100	0.22
		Chia-Cheng Lin	-	-
		Tong-Liang Wu	-	-
	President	Kung-Yi Koo	-	-
TCC Development Ltd.	Director	Representative of Hong Kong Cement Manufacturing Company Limited: An-Ping Chang	Ordinary share 10 Non-voting deferred share 90	100.00
	President	Kung-Yi Koo	-	-
Ta-Ho Maritime Corporation	Chairman	Representative of Taiwan Cement Corporation: Jong-Peir Li	130,514,385	64.79
	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang, Chien-Chiang Huang, Ker-Fu Lu, Li-Wen Tsai		
	Supervisor	Representatives of Taiwan Transport & Storage Corporation: Lin-Tian Huang, James Wen	58,836,052	29.21
	President	Miin-Shyong Shieh	-	-
Ta-Ho Maritime Holdings Ltd.	Director	Ta-Ho Maritime Corporation	10,300,000	100.00
THC International S.A.	Director	Representatives of Ta-Ho Maritime Holdings Ltd.: An-Ping Chang, Jong-Peir Li, Wei-Lun Kao	30,310,000	100.00
	President	Miin-Shyong Shieh	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Chi Ho Maritime S.A. ⁴	Director	Representatives of Ta-Ho Maritime Holdings Ltd.: An-Ping Chang, Jong-Peir Li, Wei-Lun Kao	-	-
	President	Miin-Shyong Shieh	-	-
ShengChi Ho Maritime S.A. ⁵	Director	Representatives of Ta-Ho Maritime Holdings Ltd.: An-Ping Chang, Jong-Peir Li, Wei-Lun Kao	-	-
	President	Miin-Shyong Shieh	-	-
Ta-Ho Maritime (Hong Kong) Limited	Director	Representative of Ta-Ho Marine Corporation: Jong-Peir Li	5,100,000	100.00
Ta-Ho Maritime (Singapore) Pte. Ltd.	Director	Representative of Ta-Ho Marine Corporation: An-Ping Chang	100,000	100.00
	President	Wei-Lun Kao	-	-
Ho Sheng Mining Co., Ltd.	Chairman	Representative of Taiwan Cement Corporation: Chien-Chuan Wang	30,100,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Chia-Pei Wei, Yan-ting Lin		
	Supervisor	Representative of Taiwan Cement Corporation: Jia-Ro Lai	-	-
	President	Chia-Pei Wei	-	-
Da Tong (Guigang) International Logistics Co., Ltd.	Executive Director	Representative of Ta-Ho Marine (Hong Kong) Limited: Chen-Chia Song	Contribution: USD 5,000,000	100.00
	President	Chuan-feng Shih	-	-
Guigang Da-Ho Shipping Co., Ltd.	Executive Director	Representative of Da Tong (Guigang) International Logistics Co., Ltd.: Chen-Chia Song	Contribution: RMB4,000,000	100.00
	President	Chuan-Feng Shih	-	-
Da Tong (Ying De) Logistics Co., Ltd.	Executive Director	Representative of Da Tong (Guigang) International Logistics Co., Ltd.: Cheng-Dao Qiang	Contribution: RMB5,000,000	100.00
	President	Cheng-Dao Qiang	-	-
TCC Investment Corporation	Chairman	Representative of Taiwan Cement Corporation: An-Ping Chang	107,355,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Jong-Peir Li, Yu-Zhi Qiu		
	Supervisor	Representative of Taiwan Cement Corporation: Guo-Hong Yeh	-	-
	President	Jong-Peir Li	-	-
Union Cement Traders Inc.	Chairman	Representative of TCC Investment Corporation: An-Ping Chang	21,945,000	100.00
	Director	Representatives of TCC Investment Corporation: Jong-Peir Li, Lin-Tian Huang		
	Supervisor	Representative of TCC Investment Corporation: Li-Wen Tsai	-	-
	President	Jong-Peir Li	-	-
TCC Chemical Corporation	Chairman	Representative of Taiwan Cement Corporation: An-ping Chang	240,000,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Jong-Peir Li and Kung-Yi Koo		
	Supervisor	Representative of Taiwan Cement Corporation: Li-Wen Tsai	-	-
	President	Ker-Fu Lu	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC Information Systems Corporation	Chairman	Representative of Taiwan Cement Corporation: Jong-Peir Li	14,904,000	99.36
	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang, Ker-Fu Lu, Kuang-Hsi Chen, Chien-Chiang Huang		
	Supervisor	Representative of Taiwan Cement Corporation: Guo-Hong Yeh		
	President	Jian-Zhi Chang	-	-
Taicem Information (Samoa) Pte. Ltd.	Director	Representative of TCC Information Systems Corporation: Jian-Zhi Chang	3,412	100.00
Fuzhou TCC Information Technology Co., Ltd.	Chairman	Representative of Taicem Information (Samoa) Pte. Ltd.: Jian-Zhi Chang	Contribution: RMB 827,000	100.00
Taiwan Prosperity Chemical Corporation	Chairman	Representative of Taiwan Cement Corporation: Kung-Yi Koo	116,790,998	40.00
	Director	Representatives of Taiwan Cement Corporation: Jong-Peir Li, Ji-Yeh Chen, Feng-Ping Liu		
	Independent Director	Jen-Ho Chao	-	-
	Independent Director	Chih-jen Sheng	-	-
	Independent Director	Zi-Nan Jia	-	-
	President	Tian-Fu Zhao	-	-
Tung Chen Mineral Corporation	Chairman	Representative of Taiwan Cement Corporation: Ker-Fu Lu	19,890	99.45
	Director	Representatives of Taiwan Cement Corporation: Chien-Chuan Wang, Chia-Pei Wei		
	Supervisor	Representative of Taiwan Cement Corporation: Yan-Ting Lin		
Jin Chang Minerals Corporation	Chairman	Representative of Taiwan Cement Corporation: Ker-Fu Lu	1,800,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Chia-Pei Wei, Yan-Ting Lin		
	Supervisor	Representative of Taiwan Cement Corporation: Jin-Yi Chen		
Hoping Industrial Port Corporation	Chairman	Representative of Taiwan Cement Corporation: Chien-Chiang Huang	319,990,000	100.00
	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang and Chia-Pei Wei		
	Supervisor	Xiao-En Tseng	-	-
	President	Ping-Huang Chuang	-	-
Ho-Ping Power Company	Chairman	Representative of Taiwan Cement Corporation: An-Ping Chang	805,940,306	59.50
	Vice Chairman	Power Infrastructure Holdings (Malaysia) Limited: Ian George Tuft	539,099,566	39.80
	Director	Representatives of Taiwan Cement Corporation: Chien-Chiang Huang, Kung-Yi Koo, Jong-Peir Li, Ker-Fu Lu, Chi-Liang Weng	805,940,306	59.50
	Director	Representatives of Power Infrastructure Holdings (Malaysia) Limited: Kwok-Wing Ho, Shunichi Tanaka and Sho Gemma	539,099,566	39.80
	Independent Director	Liang Chang		

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Ho-Ping Power Company	Independent Director	Hsiao-Kang Ma		
	Independent Director	Yu-Chuan Chen		
	Supervisor	Representatives of TCC Investment Corporation: Li-Wen Tsai, Xiao-En Tseng	6,772,608	0.50
	Supervisor	Representative of Power Infrastructure Holdings (Labuan) Limited: Sharon Lee	2,709,043	0.20
	President	Jong-Peir Li	-	-
Ho-Ping Renewable Energy Company	Chairman	Representative of Ho-Ping Power Company: Kung-Yi Koo	100,000	100.00
	Vice Chairman	Representative of Ho-Ping Power Company: Ian George Tuft		
	Director	Representative of Ho-Ping Power Company: Li-Wen Tsai, I-Meng Huang, Shunichi Tanaka		
	Supervisor	Representative of Ho-Ping Power Company: Ker-Fu Lu		
	President	I-Meng Huang	-	-
Ta-Ho Taitung Environment Co., Ltd. ⁶	Chairman	Representative of Taiwan Cement Corporation: Qing-Song Guo	-	-
	Director	Representative of Taiwan Cement Corporation: Chien-Chiang Huang		
	Director	Representative of Taiwan Cement Corporation: Chen-De Liu		
	Supervisor	Representative of Taiwan Cement Corporation: Wei-Ling Kao		
	President	Chen-De Liu	-	-
HPC Power Services Corporation	Chairman	Representative of Taiwan Cement Corporation: Ker-Fu Lu	6,000	60.00
	Vice Chairman	Representative of OneEnergy Taiwan Ltd.: Kwok-Wing Ho	4,000	40.00
	Director	Representatives of Taiwan Cement Corporation: Chi-Liang Weng, Chia-Pei Wei	6,000	60.00
	Director	Representative of OneEnergy Taiwan Ltd.: Dick-Fai Lai	4,000	40.00
	President	I-Meng Huang	-	-
Ta-Ho RSEA Environment	Chairman	Representative of Taiwan Cement Corporation: Chien-Chuan Wang	66,600,000	66.60
	Director	Representative of Taiwan Cement Corporation: Chen-De Liu		
	Director	Representative of Veterans Affairs Council, R.O.C: Kuo-Fang Wang	33,400,000	33.40
	Supervisor	Wei-Ling Gao, Xiao-En Tseng	-	-
	President	Chen-De Liu	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
E.G.C. Cement Corporation	Chairman	Representative of Taiwan Cement Corporation: Chien-Chiang Huang	8,062,600	50.64
	Director	Representatives of Taiwan Cement Corporation: Wei-Jue Hong ; Dennis Chang		
	Supervisor	Representative of Taiwan Transport & Storage Corporation: Chong-Zhi Hong	7,857,400	49.36
	Manager	Dennis Chang	-	-
Feng Shehg Enterprise Company Limited	Chairman	Representative of Taiwan Cement Corporation: Chien-Chiang Huang	27,260,611	45.43
	Director	Representatives of Taiwan Cement Corporation: Wei-Jue Hong, Yin-Te Wu		
	Director	Representatives of Quintain Steel Co., Ltd.: Chi-Sheng Chu and Hsieh-Chia Chen	27,116,689	45.19
	Supervisor	Fu-Tsai Liu	1,827,373	3.05
	President	Chi-Sheng Chu	-	-
Taicorn Minerals Corp.	Chairman	Chien-Chiang Huang	1	0.00
	Director	Katz N. Tierra	1	0.00
	Director	Yih-Chin Wu	1	0.00
	Director	Renato L. Gonzales	1	0.00
Trans Philipines Mineral Corp.	Chairman	Chien-Chiang Huang	1	0.00
	Director	Katz N. Tierra	1	0.00
	Director	Yih-Chin Wu	1	0.00
	Director	Renato L. Gonzales	1	0.00
TCC International Ltd.	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang , Kung-Yi Koo, Chien-Chiang Huang	1,100,875,900	100.00
	Manager	Chien-Chiang Huang	-	-
TCC International Holdings Limited	Chairman	Representatives of Taiwan Cement Corporation: An-Ping Chang , Kung-Yi Koo	2,581,832,362	38.28
	Director	Representatives of TCC International Ltd.: Kung-Yi Koo, Chien-Chiang Huang	4,163,097,279	61.72
	President	Chien-Chiang Huang	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC International (Guangxi) Limited	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: An-Ping Chang , Kung-Yi Koo	203,000,100	100.00
	Manager	Kung-Yi Koo	-	-
TCC (Guigang) Cement Ltd.	Chairman	Representative of TCC International (Guangxi) Limited: Ker-Fu Lu	Contribution: USD 332,875,900	100.00
	Director	Representatives of TCC International (Guangxi) Limited: Qiu Yu-wen, Chien-Chuan Wang		
	President	Hai-Hua Wu	-	-
TCC Hong Kong Cement (BVI) Holdings Limited	Director	Representative of TCC International Holding Limited: An-Ping Chang	17,000	100.00
	Manager	Kung-Yi Koo	-	-
Ulexite Investments Limited	Director	Representative of TCC International Holding Limited: An-Ping Chang	200	100.00
	Manager	Kung-Yi Koo	-	-
HKC Investments Ltd. ⁷	Chairman	Representative of Ultexite Investments Limited: An-Ping Chang	-	-
	Director	Representative of Ultexite Investments Limited: Kung-Yi Koo		
	Director	Representative of Ultexite Investments Limited: Li-Wen Tsai		
	Supervisor	Representative of Ultexite Investments Limited: Yu-Zhi Qiu		
TCC Hong Kong Cement Development Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang	Ordinary share 10	10.00
	Director	Representative of Hong Kong Cement Manufacturing Company Limited: An-Ping Chang	Non-voting deferred share 90	90.00
	President	Kung-Yi Koo	-	-
TCC Hong Kong Cement (QHC) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang	100	100.00
	Manager	Kung-Yi Koo	-	-
Chieffolk Company Limited	Director	Representatives of TCC Hong Kong Cement (QHC) Limited: An-Ping Chang , Kung-Yi Koo	70,000	70.00
	Director	Representatives of Top Form Construction Limited: Chien-Chiang Huang, Cheuk-Wai Chan	30,000	30.00
	Manager	Kung-Yi Koo	-	-
TCC International (Liuzhou) Limited	Director	Representatives of Chieffolk Company Limited: An-Ping Chang , Cheuk-Wai Chan, Kung-Yi Koo	50,000	100.00
	Manager	Kung-Yi Koo	-	-
TCC Liuzhou Company Limited	Director	Representative of TCC International (Liuzhou) Limited: An-Ping Chang	10,000	100.00
	Manager	Kung-Yi Koo	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC Hong Kong Cement (Yargoan) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang	100	100.00
	Manager	Kung-Yi Koo	-	-
TCC Hong Kong Cement (HKC) Limited	Director	Representatives of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang	100	100.00
	Manager	Kung-Yi Koo	-	-
Hong Kong Cement Company Limited	Director	Representatives of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang , Kung-Yi Koo, Chien-Chiang Huang	10,000	100.00
	Manager	Chien-Chiang Huang	-	-
TCC Hong Kong Cement (Philippines) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang	100	100.00
	Manager	Kung-Yi Koo	-	-
TCC Cement Corporation	Director	Chien-Chiang Huang	910,199	100.00
	Director	Yih-Chin Wu		
	Director	Yu-Tzu Chiu		
TCC Hong Kong Cement (International) Limited	Director	Representatives of TCC Hong Kong Cement (BVI) Holdings Limited: An-Ping Chang , Kung-Yi Koo	1,700	100.00
	Manager	Kung-Yi Koo	-	-
TCC International (Hong Kong) Co., Ltd.	Director	Representative of TCC Hong Kong Cement (International) Limited: An-Ping Chang	11,900	100.00
	Manager	Kung-Yi Koo	-	-
TCC Fuzhou Yangyu Port Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Chien-Chiang Huang	Contribution: USD 5,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Limited: Chien-Chuan Wang, Jia-Lin Chen		
	Supervisor	Guo-Hong Yeh	-	-
	President	Jao-Gui Lin	-	-
TCC Liuzhou Construction Materials Co., Ltd.	Chairman	Representative of Guangxi Liuzhou Iron and Steel Group Company Limited: Liu-Ping Shen	Contribution: USD 5,400,000	40.00
	Vice Chairman	Representative of TCC Liuzhou Company Limited: Chien-Chiang Huang	Contribution: USD 8,100,000	60.00
	Director	Representatives of TCC Liuzhou Company Limited: Zhi-Feng Wu, I-Meng Huang, Cheuk-Wai Chan		
	Director	Representatives of Guangxi Liuzhou Iron and Steel Group Company Limited: Chuang Jin, Jian-Qiang Hsu	As above	As above
	Supervisor	Representative of TCC Liuzhou Company Limited: Hsiao-En Tseng	As above	As above

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC Liuzhou Construction Materials Co., Ltd.	Supervisor	Representative of Guangxi Liuzhou Iron and Steel Group Company Limited: De-yun Lee	As above	As above
	President	Chih Feng Wu	-	-
TCC Fuzhou Cement Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Chien-Chiang Huang	Contribution: USD 16,250,000	100.00
	Director	Representatives of TCC International (Hong Kong) Company Limited: Chien-Chuan Wang, Jia-Lin Chen		
	Supervisor	Guo-Hong Yeh	-	-
	President	Jao-Gui Lin	-	-
Anhui King Bridge Cement Co., Ltd. ⁸	Chairman	Representative of Anhui Conch Cement Co., Ltd.: Sheng-Li Qi	-	-
	Vice Chairman	Representative of TCC International (Hong Kong) Company Limited: Chien-Chiang Huang	-	-
	Director	Representatives of International (Hong Kong) Company Limited: Li-Wen Tsai, Kung-Yi Koo, Yu-Wen Qiu	-	-
	Director	Representatives of Anhui Conch Cement Co., Ltd.: Po Zhou, Ming-Jing Chang	-	-
	Supervisor	Representative of TCC International (Hong Kong) Company Limited: Jong-Peir Li	-	-
	Supervisor	Representative of Anhui Conch Cement Co., Ltd.: Shu-Sheng He	-	-
	President	Peng-Fei Zhou	-	-
TCC Yingde Cement Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Ker-Fu Lu	Contribution: USD 254,400,000	100.00
	Director	Representatives of TCC International (Hong Kong) Company Limited: I-Meng Huang, Cheng-Dao Qiang		
	President	Cheng-Dao Qiang	-	-
Jurong TCC Cement Co., Ltd.	Chairman	Representative of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd.: Ker-Fu Lu	Contribution: USD 233,000,000	100.00
	Director	Representatives of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd.: Cheng-Fu Yao, Chien-Chuan Wang, Kung-Yi Koo, I-Meng Huang		
	Supervisor	Representative of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd.: Guo-Hong Yeh		
	President	Zhong-Hong Yang	-	-
Chia Hsin Cement Greater China Holding Corporation	Director	Representatives of TCC International Holdings Ltd.: An-Ping Chang, Kung-Yi Koo	1,142,900,000	100.00
Jingyang Industrial Limited	Director	Representatives of TCC International (Hong Kong) Company Limited: An-Ping Chang, Kung-Yi Koo	24,000,100	100.00

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
JiangSu TCC Investment Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Ker-Fu Lu	Contribution: USD 50,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Company Limited: Chien-Chiang Huang, Chi-May Wang		
	Supervisor	Representative TCC International (Hong Kong) Company Limited: Hong-Zhen Huang		
	President	Hai-hau Wu	-	-
Upper Value Investments Limited	Director	Representative of TCC International Holdings Limited: An-Ping Chang	12,700	100.00
	Manager	Kung-Yi Koo	-	-
Prosperity Cement Investment Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,100	100.00
	Manager	Kung-Yi Koo	-	-
Yingde Dragon Mountain Cement Co., Ltd.	Chairman	Representative of Prosperity Cement Investment Limited: Ker-Fu Lu	Contribution: RMB 428,110,000	100.00
	Director	Representatives of Prosperity Cement Investment Limited: Tie-Jun Wu, Kung-Yi Koo, Zhong-Hung Pan		
	Supervisor	Shao-Ming Lee	-	-
	President	Dao-Qiu Ja	-	-
Prosperity Minerals (International) Limited	Director	Representative of Upper Value Investment Limited: An-Ping Chang	3	100.00
	Manager	Kung-Yi Koo	-	-
Kiton Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,400	100.00
	Manager	Kung-Yi Koo	-	-
TCC Liaoning Cement Company Limited	Chairman	Representative of Kiton Limited: Kung-Yi Koo	Contribution: RMB 371,000,000	100.00
	Director	Representatives of Kiton Limited: Ker-Fu Lu, Lin-Tien Huang		
	Supervisor	Representative of Kiton Limited: Li-Wen Tsai		
	President	Li-Qi Xiao	-	-
Hensford Ltd.	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,500	100.00
	Manager	Kung-Yi Koo	-	-
TCC Anshun Cement Company Limited	Chairman	Representative of Hensford Ltd. : Kung-Yi Koo	Contribution: USD 153,490,000	100.00
	Director	Representatives of Hensford Ltd. : Chien-Chiang Huang, Ker-Fu Lu, Li-wen Tsai		
	Supervisor	Representative of Hensford Ltd. : Cheng-Fu Yao		
	President	Yu-bing Hsieh	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Sure Kit Ltd.	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,400	100.00
	Manager	Kung-Yi Koo	-	-
TCC Chongqing Cement Company Limited	Chairman	Representative of Sure Kit Limited: Kung-Yi Koo	Contribution: USD 118,000,000	100.00
	Director	Representatives of Sure Kit Limited: Ker-Fu Lu, Chien-Chiang Huang		
	Supervisor	Representative of Sure Kit Limited: Cheng-Fu Yao		
	President	Jao-Wen Wang	-	-
Prime York Ltd.	Director	Representative of Upper Value Investment Limited: An-Ping Chang	10,300	100.00
	Manager	Kung-Yi Koo	-	-
Prosperity Minerals (China) Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,300	100.00
	Manager	Kung-Yi Koo	-	-
Mega East Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,300	100.00
	Manager	Kung-Yi Koo	-	-
TCC Guangan Cement Company Limited	Chairman	Representative of Mega East Limited: Li-Wen Tsai	Contribution: USD 76,990,000	100.00
	Director	Representatives of Mega East Limited: Ker-Fu Lu, Chien-Chiang Huang		
	Supervisor	Representative of Mega East Limited: Cheng-Fu Yao		
	President	Tao Yang	-	-
TCC (DongGuan) Cement Company Limited	Chairman	Representative of TCC International (Hong Kong) Company Limited: Chien-Chiang Huang	Contribution: USD 20,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Company Limited: I-Meng Huang, Ker-Fu Lu		
	Supervisor	Representative of TCC International (Hong Kong) Company Limited: Chin- Lung Yu		
	President	Chih-Chun Lai	-	-
TCC International (China) Company Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	38,830	100.00
	Manager	Kung-Yi Koo	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC New (Hangzhou) Management Company Limited	Chairman	Representative of TCC International (China) Company Limited: Jong-Peir Li	Contribution: USD 8,000,000	100.00
	Director	Representatives of TCC International (China) Company Limited: Ker-Fu Lu, Li-Wen Tsai, Chien-Chiang Huang		
	Supervisor	Representative of TCC International (China) Company Limited: Kung-Yi Koo		
	President	Cheng-Fu Yao	-	-
Kong On Cement Holdings Ltd.	Director	Representatives of Upper Value Investments Limited: An-Ping Chang, Kung-Yi Koo	15,801,500	65.00
	Director	Representative of Central Champion Investment Limited: Jie-Lian Xu	8,508,500	35.00
	Manager	Kung-Yi Koo	-	-
Guizhou Kong On Cement Co., Ltd.	Chairman	Representative of Kong On Cement Holdings Limited: Li-Wen Tsai	Contribution: USD 20,300,000	100.00
	Director	Representatives of Kong On Cement Holdings Limited: Chien-Chiang Huang, Jie-Lian Xu		
	Supervisor	Representative of Kong On Cement Holdings Limited: Cheng-Fu Yao		
	President	Won-Gen Tu	-	-
Wayly Holdings Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	10,501	100.00
	Manager	Kung-Yi Koo	-	-
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Chairman	Representative of Wayly Holdings Limited: Li-Wen Tsai	Contribution: RMB 389,660,500	100.00
	Director	Representatives of Wayly Holdings Limited: Ker-Fu Lu, Cheng-Fu Yao		
	Supervisor	Representative of Wayly Holdings Limited: Chien-Chuan Wang		
	President	Sheng-Tao Qiao	-	-
TCC Shaoguan Cement Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Co., Ltd.: Ker-Fu Lu	Contribution: USD 69,100,000	100.00
	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: I-Meng Huang, Chien-Chiang Huang		
	Supervisor	Representative of TCC International (Hong Kong) Co., Ltd.: Cen-Wei Lan		
	President	Ming-De Li	-	-
TCC Yingde Mining Industrial Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd.: Ker-Fu Lu	Contribution: USD 5,625,000	48.91
	Director	Representative of TCC Yingde Cement Co., Ltd.: Cheng-Dao Qiang	Contribution: USD 4,000,000	34.78
	Director	Representative of TCC Jiangsu Mining Industrial Company Limited: Shih-Sheng Liang	Contribution: USD 1,875,000	16.31
	Supervisor	Cen-Wei Lan	-	-
	President	Cheng-Dao Qiang	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC Guigang Mining Industrial Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd.: Ker-Fu Lu	Contribution: USD 2,625,000	52.50
	Director	Representatives of TCC (Guigang) Cement Ltd.: Chen-Chia Song and Chia-Pei Wei	Contribution: USD 2,375,000	47.50
	Supervisor	Yuo-Xin Song	-	-
	President	Hai-Hua Wu	-	-
TCC Jiangsu Mining Industrial Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd.: Ker-Fu Lu	Contribution: USD 4,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: Cheng-Fu Yao, Kung-Yi Koo		
	Supervisor	Representative of TCC International (Hong Kong) Co., Ltd.: Guo-Hong Yeh		
	President	Zhong-Hong Yang	-	-
Anshun Xin Tai Construction Materials Company Limited	Chairman	Representative of TCC Anshun Cement Company Limited: Lin-Tien Huang	Contribution: RMB 15,000,000	100.00
	Supervisor	Yuo-Xin Song	-	-
Scitus Cement (China) Holdings Limited	Director	Representative of Upper Value Investments Limited: An-Ping Chang	109,163,251	100.00
	Director	Representative of TCC International (Hong Kong) Co., Ltd.: An-Ping Chang	1	0.00
	Director	Ker-Fu Lu, Kung-Yi Koo	-	-
	Manager	Kung-Yi Koo	-	-
Scitus Cement (China) Operating Company Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	10,000	100.00
	Manager	Kung-Yi Koo	-	-
Hexagon Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Kung-Yi Koo	-	-
Hexagon II Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Kung-Yi Koo	-	-
Hexagon III Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	201	100.00
	Manager	Kung-Yi Koo	-	-
Hexagon IV Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	201	100.00
	Manager	Kung-Yi Koo	-	-
Hexagon V Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Kung-Yi Koo	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Upper Value Investment Ltd.	Director	Representative of TCC International Holdings Limited: An-Ping Chang	1	100.00
	Manager	Kung-Yi Koo	-	-
Hexagon VIII Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Kung-Yi Koo	-	-
Hexagon IX Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Kung-Yi Koo	-	-
Hexagon XIII Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Kung-Yi Koo	-	-
Hexagon XIV Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-Ping Chang	1	100.00
	Manager	Kung-Yi Koo	-	-
Scitus Luzhou Cement Co., Ltd.	Chairman	Representative of Hexagon IV Holdings Limited: Cheng-Fu Yao	Contribution: RMB 355,500,000	90.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Li-Wen Tsai	Contribution: RMB 39,500,000	10.00
	Director	Representatives of Hexagon IV Holdings Limited: Ker-Fu Lu, Li-Wen Tsai, Chien-Chiang Huang	As above	As above
	Supervisor	Representative of Hexagon IV Holdings Limited: Yan-Xiang Wang	As above	As above
	President	Gao-Ying Dong	-	-
Scitus Hejiang Cement Co., Ltd.	Chairman	Representative of Hexagon IX Holdings Limited: Cheng-Fu Yao	Contribution: RMB20,925,000	90.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Li-Wen Tsai	Contribution: RMB 2,325,000	10.00
	Director	Representative of Hexagon IX Holdings Limited: Ker-Fu Lu	As above	As above
	Supervisor	Representative of Hexagon IX Holdings Limited: Yan-Xiang Wang	As above	As above
	President	Ding-Qi Zhang	-	-
Scitus Luzhou Concrete Co., Ltd.	Chairman	Representative of Hexagon XIV Holdings Limited: Cheng-Fu Yao	Contribution: RMB 18,750,000	75.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Li-Wen Tsai	Contribution: RMB 6,250,000	25.00
	Director	Representative of Hexagon XIV Holdings Limited: Ker-Fu Lu	As above	As above
	Supervisor	Representative of Hexagon XIV Holdings Limited: Yen-Xiang Wang	As above	As above

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Scitus Luzhou Concrete Co., Ltd.	President	Gan Jiang	-	-
Scitus Naxi Cement Co., Ltd.	Chairman	Representative of Hexagon III Holdings Limited: Cheng-Fu Yao	Contribution: RMB 131,859,000	90.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Li-Wen Tsai	Contribution: RMB14,651,000	10.00
	Director	Representative of Hexagon III Holdings Limited: Ker-Fu Lu	As above	As above
	Supervisor	Representative of Hexagon III Holdings Limited: Wang Yan-xiang	As above	As above
	President	Gao-Ying Dong	-	-
TCC Huaying Cement Company Limited	Chairman	Representative of TCC (Guigang) Cement Ltd.: Ker-Fu Lu	Contribution: RMB 949,880,000	100.00
	Director	Representatives of TCC (Guigang) Cement Ltd.: Cheng-Fu Yao, Kung-Yi Koo		
	Supervisor	Representative of TCC (Guigang) Cement Ltd.: Hsiao-En Tseng		
	President	Dao-Ping Wang	-	-
TCC Huaihua Cement Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd.: Ker-Fu Lu	Contribution: RMB 93,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: Cheng-Fu Yao, Kung-Yi Koo		
	Supervisor	Representative of TCC International (Hong Kong) Co., Ltd.: Guo-Hong Yeh		
	President	Xing-Xuen Ju	-	-
TCC Jingzhou Cement Company Limited	Chairman	Representative of TCC Huaihua Cement Company Limited: Ker-Fu Lu	Contribution: RMB 10,000,000	100.00
	Director	Representatives of TCC Huaihua Cement Company Limited: Cheng-Fu Yao, Kung-Yi Koo		
	Supervisor	Guo-Hong Yeh	-	-
	President	Guo-Hong Hu	-	-
TCC Huaihua Concrete Company Limited	Chairman	Representative of TCC Huaihua Cement Company Limited: Ker-Fu Lu	Contribution: RMB 10,000,000	100.00
	Director	Representative of TCC Huaihua Cement Company Limited: Cheng-Fu Yao, Kung-Yi Koo		
	Supervisor	Guo-Hong Yeh	-	-
	President	Zheng-Feng Zhou	-	-
Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd.	Chairman	Representative of TCC (Guigang) Cement Company Limited: Yu-Wen Qiu	Contribution: RMB 126,000,000	95.24

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd.	Director	Representatives of TCC (Guigang) Cement Company Limited: Chien-Chuan Wang, Hai-Hau Wu	Contribution: RMB 126,000,000	95.24
	Supervisor	Yan-Xiang Wang	-	-
	President	Hai-Hau Wu	-	-
Beijing TCC Environmental Technology Co., Ltd. ⁹	Chairman	Representative of TCC Yingde Cement Co., Ltd. : Ker-Fu Lu	Contribution: RMB 6,000,000	100.00
	Director	Representative of TCC Yingde Cement Co., Ltd. : Chien-Chuan Wang, Yu- Wen Qiu		
	Supervisor	Guo-Hong Yeh	-	-
	President	Wei Tian	-	-
Kaili TCC Environmental Technology Co., Ltd. ¹⁰	Chairman	Representative of TCC New (Hangzhou) Management Company Limited: Li-Wen Tsai	Contribution: RMB 8,000,000	100.00
	Director	Representatives of TCC New (Hangzhou) Management Company Limited: Cheng-Fu Yao, Chien-Chuan Wang		
	Supervisor	Yan-Xiang Wang	-	-
	President	Sheng-Tao Qiao	-	-
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd. ¹¹	Chairman	Representative of Scitus Luzhou Cement Co., Ltd. : Cheng-Fu Yao	Contribution: RMB 2,200,000	55.00
	Director	Representatives of Scitus Luzhou Cement Co., Ltd. : Chien-Chuan Wang, Dai-Cai Luo		
	Supervisor	Guo-Hong Yeh / Xian Zhang	-	-
	President	Gao-ying Dong	-	-
Taiwan Cement (Dutch) Holdings B.V.	Director	Representatives of Taiwan Cement Corporation: Jong-Peir Li, Li-Wen Tsai, Chien-Chiang Huang	Contribution: EUR 831,431,000	100
TCCMOLI Holdings(Singapore) Pte. Ltd. (TCCMOLI) ¹²	Director	Representatives of Taiwan Cement Corporation: An-Ping Chang , Jong-Peir Li	Contribution: USD 30,000	100
		Ren-Zhen Xue	-	-
		THAM WAN LOONG JEROME	-	-

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC (Hangzhou) Environmental Protection Technology Co., Ltd. ¹³	Chairman	Representative of TCC Yingde Cement Co., Ltd. An-Ping Chang	Contribution: RMB 700,000,000	100
	Director	Representatives of TCC Yingde Cement Co., Ltd. Jong-Peir Li, Ker-Fu Lu		
	Director	Wei Tian	-	-
	Supervisor	Yi-Xiu Lin	-	-
	President	Jong-Peir Li	-	-
TCC (Hangzhou) Renewable Resources Technology Co., Ltd. ¹⁴	Director	Representatives of TCC (Guigang) Cement Company Limited: Bao-lue Ge, Guo-Hong Yeh	-	-
		Wei Tian		
	Supervisor	Yi-Xiu Lin	-	-
	President	Chien-Chuan Wang	-	-

1. TJ transport Corporation was founded on August 22, 2019.
2. TCC (Yingde) Machine Co., Ltd.'s cancellation was completed in December 2019.
3. TCC PING-CHIH Green Energy Co., Ltd. was founded on August 8, 2019.
4. Chi Ho Maritime S.A. cancellation was completed in August 2019.
5. Sheng Ho Maritime S.A. cancellation was completed in September 2019.
6. Ta-Ho Taitung Environment Co., Ltd.'s liquidation was completed in December 2019 and the court is currently checking.
7. HKC Investments Ltd.'s liquidation was completed in September 2019 and the court is currently checking.
8. Anhui King Bridge Cement Co., Ltd.'s cancellation was completed in January 2019.
9. Beijing TCC Environmental Technology Co., Ltd. was founded on March 18, 2019.
10. Kaili TCC Environmental Technology Co., Ltd. was founded on January 17, 2019.
11. TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd. was founded on January 3, 2019.
12. TCCMOLI Holdings(Singapore) Pte. Ltd. (TCCMOLI) was founded on June 12, 2019.
13. TCC (Hangzhou) Environmental Protection Technology Co., Ltd. was founded on March 25, 2019.
14. TCC (Hangzhou) Renewable Resources Technology Co., Ltd. was founded on April 24, 2020.

Business highlights of affiliates

2019.12.31 (expressed in NT\$ thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
Taiwan Transport & Storage Corporation	389,620	2,950,683	606,072	2,344,611	1,343,421	61,525	188,977	4.85
TJ transport Corporation ¹	25,000	159,549	133,675	25,874	8,536	1,295	874	0.35
Taiwan Cement Engineering Corporation	601,656	756,287	5,481	750,806	1,036	(2,067)	20,400	0.34
TCC (Yingde) Machinery Co., Ltd. ²	-	-	-	-	-	RMB (151,554)	RMB(220,400)	NA
Kuan-Ho Refractories Industry Corporation	190,000	946,776	474,084	472,692	1,347,207	115,847	88,233	4.64
TCC Green Energy Corporation	3,208,987	3,414,159	301,281	3,112,878	59,893	(5,021)	(65,302)	(0.36)
TCC CHIA-CHIEN Green Energy Corporation	752,000	724,436	15,669	708,767	0	(15,355)	(15,050)	(0.46)
TCC YUN-KAI Green Energy Corporation	25,000	22,602	30	22,572	0	(320)	(310)	(0.12)
TCC LIEN-HSIN Green Energy Corporation	12,000	9,120	30	9,090	0	(280)	(277)	(0.23)
TCC CHANG-HO Green Energy Corporation	5,000	2,486	30	2,456	0	(33)	(32)	(0.06)
TCC KAO-CHENG Green Energy Corporation	12,000	9,931	30	9,901	0	(49)	(46)	(0.04)
TCC NAN-CHUNG Green Energy Corporation	170,000	167,842	100	167,742	0	(257)	(210)	(0.03)
CHANG-WANG Wind Power Co., Ltd.	720,000	693,731	21,189	672,542	0	(45,831)	(47,128)	(4.36)
TCC PING-CHIH Green Energy Corporation ³	2,000	1,989	34	1,955	0	(45)	(45)	(0.22)
Hong Kong Cement Manufacturing Company Limited	HKD 45,000,000	HKD 71,478,284	HKD 239,920	HKD 71,238,364	HKD 1,897,641	HKD (309,487)	HKD (309,487)	NA
TCC Development Limited	Ordinary shares: USD 10 Non-voting deferred shares: USD 90	HKD 88,902,799	HKD 5,212,263	HKD 83,690,536	HKD 25,030,766	HKD 22,531,947	HKD 19,013,016	HKD 190,130.16
Ta-Ho Maritime Corporation	2,014,503	8,587,072	4,611,399	3,975,673	2,869,097	192,298	369,852	1.84
Ta-Ho Maritime Holdings Ltd.	USD 10,300,000	USD 142,518,978	USD 2,623	USD 142,516,355	USD 0	USD (11,242)	USD 6,177,999	USD 0.6
THC International S.A.	USD 30,310,000	USD 118,035,022	USD 2,270,602	USD 115,764,420	USD 9,339,622	USD (363,558)	USD 1,556,093	USD 0.05
Chi Ho Maritime S.A. ⁴	-	-	-	-	-	USD (233,811)	USD 273,788	-
Sheng Ho Maritime S.A. ⁵	-	-	-	-	USD 1,098,939	USD (344,270)	USD 1,293,661	-
Ta-Ho Maritime (Hong Kong) Limited	USD 5,100,000	USD 23,960,161	USD 7,623	USD 23,952,538	USD 0	USD (9,878)	USD 3,050,685	USD 0.60
Ta-Ho Maritime (Singapore) Pte. Ltd.	USD 100,000	USD 2,467,624	USD 39,187	USD 2,428,437	USD 0	USD (40,640)	USD 13,204	USD 0.13
Da Tong (Guigang) International Logistics Co., Ltd.	USD 5,000,000	RMB 197,085,061	RMB 33,807,147	RMB 163,277,914	RMB 112,491,775	RMB 5,290,053	RMB 21,016,178	NA
Guigang Da-Ho Shipping Co., Ltd.	RMB4,000,000	RMB 142,736,796	RMB 54,057,484	RMB 88,679,312	RMB 303,766,870	RMB 17,935,419	RMB 13,874,156	NA
Da Tong (Ying De) Logistics Co., Ltd.	RMB5,000,000	RMB 32,920,341	RMB 7,892,283	RMB 25,028,058	RMB 45,053,742	RMB 3,741,651	RMB 3,192,937	NA
TCC Investment Corporation	1,073,550	7,033,246	2,581,568	4,451,678	0	(473)	112,619	1.05
Union Cement Traders Inc.	219,450	2,057,571	1,200,894	856,677	0	(224)	28,768	1.31

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
TCC Chemical Corporation	2,400,000	3,588,497	2,008,075	1,580,422	138,502	99,099	73,325	0.31
TCC Information Systems Corporation	150,000	365,895	125,843	240,052	297,704	22,692	10,734	0.72
Taicem Information (Samoa) Pte. Ltd.	3,412	59,227	10,388	48,839	-	(36)	(484)	NA
Fuzhou TCC Information Technology Co., Ltd.	RMB 826,510	RMB 4,218,481	RMB 1,556,903	RMB 2,661,578	RMB 3,022,103	RMB 740,866	RMB 971,316	NA
Taiwan Prosperity Chemical Corporation	2,919,750	8,558,115	6,913,055	1,645,060	10,370,301	(1,206,796)	(2,013,070)	(6.89)
Tung Chen Mineral Corporation	2,000	1,372	54	1,318	0	(42)	(42)	(2.09)
Jin Chang Minerals Corporation	18,000	522,201	451,780	70,421	413,373	54,444	40,299	22.39
Hoping Industrial Port Corporation	3,200,000	8,830,187	3,126,595	5,703,592	1,691,008	1,106,911	769,344	2.40
Ho-Ping Power Company	13,545,215	37,875,153	8,666,894	29,208,259	14,402,352	7,049,890	5,535,574	4.09
Ho-Ping Renewable Energy Company	1,000	998	0	998	0	(3)	(2)	(0.02)
Ta-Ho Taitung Environment Co., Ltd. ⁶	-	-	-	-	-	(322)	44,092	1.20
HPC Power Services Corporation	3,107	309,322	119,922	189,400	472,539	238,314	190,711	NA
Ta-Ho RSEA Environment Co., Ltd.	1,000,000	3,675,798	3,384,734	291,063	-	(12,734)	(9,885)	(0.10)
E.G.C. Cement Corporation	159,200	300,039	78,424	221,615	492,660	31,437	24,863	1.56
Feng Shehg Enterprise Company Limited	600,000	2,557,593	1,760,142	797,451	3,008,663	68,066	72,874	1.21
Ho Sheng Mining Co., Ltd.	301,000	540,026	302,893	237,133	644,454	110,628	112,015	3.72
Taicorn Minerals Corp.	PHP 16,500,000	-	PHP 35,201,000	PHP (35,201,000)	-	-	-	NA
Trans Philipines Mineral Corp.	PHP 5,000,000	-	PHP 10,004,000	PHP (10,004,000)	-	-	-	NA
TCC International Limited	USD 1,100,875,900	HKD 18,561,674,834	HKD 644,251,362	HKD 17,917,423,472	-	HKD 203,695,711	HKD 181,541,736	HKD 0.30
TCC International Holdings Ltd.	Ordinary shares: HKD 674,492,964	HKD 26,421,089,514	HKD 4,581,435,810	HKD 21,839,653,704	-	HKD (181,208,176)	HKD (181,471,255)	NA
TCC International (Guangxi) Limited	USD 203,000,000	HKD 2,588,599,893	HKD 85,028,282	HKD 2,503,571,610	-	HKD (6,673,805)	HKD (6,673,805)	NA
TCC (Guigang) Cement Ltd.	USD 332,875,900	HKD 8,176,837,059	HKD 1,572,129,254	HKD 6,604,707,805	HKD 3,504,466,859	HKD 1,051,194,556	HKD 1,070,792,164	NA
TCC Hong Kong Cement (BVI) Holdings Ltd.	USD 17,000	HKD 10,635,816,050	-	HKD 10,635,816,050	-	HKD 25,187,097	HKD 25,187,097	HKD 2,098.92
Ulexite Investments Ltd.	USD 200	HKD 39,750,291	-	HKD 39,750,291	-	HKD (8,611)	HKD (8,611)	NA
HKC Investments Ltd. ⁷	-	-	-	-	-	HKD (35,254)	HKD (35,254)	NA
TCC Hong Kong Cement Development Ltd.	Ordinary shares: USD 10 Non-voting deferred shares: USD 90	HKD 80,592,265	HKD 7,146,900	HKD 73,445,365	-	HKD (1,320,689)	HKD (1,073,961)	NA

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
TCC Hong Kong Cement (QHC) Ltd.	USD 100	HKD 18,114,340	-	HKD 18,114,340	-	HKD 25,193,799	HKD 25,193,799	HKD 251,937.99
Chiefolk Company Ltd.	HKD 1,000,000	HKD 47,666,890	HKD 40,000	HKD 47,626,890	-	HKD 35,960,762	HKD 35,960,762	HKD 359.61
TCC International (Liuzhou) Ltd.	USD 50,000	HKD 835,040	HKD 505,928	HKD 329,112	-	HKD 18,010,100	HKD 18,010,100	HKD 360.20
TCC Liuzhou Company Ltd.	HKD 10,000	HKD 62,983,722	HKD 40,000	HKD 62,943,722	-	HKD 20,411,227	HKD 18,363,367	HKD 1,836.34
TCC Hong Kong Cement (Yargoan) Ltd.	USD 100	HKD 3,361,229	-	HKD 3,361,229	-	HKD (6,202)	HKD (6,202)	NA
TCC Hong Kong Cement (HKC) Ltd.	USD 100	-	HKD 13,031	HKD (13,031)	-	HKD (17,977)	HKD (17,977)	NA
Hong Kong Cement Company Ltd.	HKD 164,391,013	HKD 251,705,023	HKD 23,914,588	HKD 227,790,435	HKD 128,779,406	HKD 21,825,384	HKD 18,578,752	HKD 1,857.88
TCC Hong Kong Cement (Philippines) Ltd.	USD 100	HKD 22,233,162	HKD 6,154,669	HKD 16,078,493	-	HKD (6,202)	HKD (6,202)	NA
TCC Cement Corporation	Peso 91,020,500	HKD 11,593,356	HKD 9,601,763	HKD 1,991,592	-	-	-	NA
TCC Hong Kong Cement (International) Ltd.	USD 1,700	HKD 10,167,075,977	HKD 327,170,990	HKD 9,839,904,987	-	HKD (16,845,497)	HKD (16,845,497)	NA
TCC International (Hong Kong) Company Limited	HKD 10,163,557,694	HKD 10,276,022,278	HKD 7,718,215	HKD 10,268,304,063	-	HKD 15,170,416	HKD 15,170,416	HKD 1,330.74
TCC Fuzhou Yangyu Port Co., Ltd.	USD 5,000,000	HKD 70,389,044	HKD 1,072,713	HKD 69,316,330	HKD 8,549,168	HKD (2,430,222)	HKD (2,430,222)	NA
TCC Liuzhou Construction Materials Co., Ltd.	USD 13,500,000	HKD 279,562,002	HKD 33,295,926	HKD 246,266,076	HKD 285,796,944	HKD 24,087,372	HKD 16,807,122	NA
TCC Fuzhou Cement Co., Ltd.	USD 16,250,000	HKD 334,042,691	HKD 88,816,158	HKD 245,226,532	HKD 324,119,175	HKD 16,785,620	HKD 16,784,737	NA
Anhui King Bridge Cement Co., Ltd. ⁸	-	-	-	-	-	-	-	NA
TCC Yingde Cement Co., Ltd.	USD 254,400,000	HKD 7,364,501,897	HKD 836,225,770	HKD 6,528,276,127	HKD 3,591,252,029	HKD 1,550,468,990	HKD 1,293,212,628	NA
Jurong TCC Cement Co., Ltd.	USD 233,000,000	HKD 4,234,355,997	HKD 522,846,803	HKD 3,711,509,194	HKD 1,848,145,172	HKD 760,804,306	HKD 603,487,498	NA
Chia Hsin Cement Greater China Holding Corporation	USD 11,429,000	HKD 46,360	HKD 198,438	HKD (152,077)	-	HKD (57,574)	HKD (57,574)	NA
Jingyang Industrial Limited	HKD 101,614,561	HKD 1,426,260,268	HKD 1,251,073,090	HKD 175,187,177	-	HKD (23,171)	HKD (23,171)	NA
JiangSu TCC Investment Co., Ltd.	USD 50,000,000	HKD 832,264,574	-	HKD 832,264,574	-	HKD (5,413)	HKD 129,025,578	NA
Upper Value Investments Limited	USD 12,700	HKD 8,467,727,734	HKD 1,365,555,640	HKD 7,102,172,094	-	HKD (2,202,523)	HKD (2,202,523)	NA
Prosperity Cement Investment Limited	HKD 759,955,769	HKD 973,854,272	HKD 5,834,720	HKD 968,019,553	-	HKD (23,227)	HKD (23,227)	NA
Yingde Dragon Mountain Cement Co., Ltd.	RMB 428,110,000	HKD 4,417,120,836	HKD 471,222,787	HKD 3,945,898,049	HKD 2,160,792,692	HKD 859,593,727	HKD 644,729,247	NA
Prosperity Minerals (International) Limited	HKD 28,533,976	HKD 1,108,176,925	HKD 92,173,318	HKD 1,016,003,607	-	HKD (29,485)	HKD (29,485)	NA
Kiton Ltd.	HKD 685,926,583	HKD 685,847,796	HKD 48,000	HKD 685,799,796	-	HKD (48,930)	HKD (48,930)	NA
TCC Liaoning Cement Company Limited	RMB 371,000,000	HKD 876,334,837	HKD 448,046,371	HKD 428,288,466	HKD 344,239,490	HKD 3,416,594	HKD 6,375,935	NA
Hensford Ltd.	HKD 1,191,945,979	HKD 1,192,434,299	HKD 386,850	HKD 1,192,047,449	-	HKD (50,741)	HKD (50,741)	NA
TCC Anshun Cement Company Limited	USD 153,490,000	HKD 2,096,752,392	HKD 163,007,141	HKD 1,933,745,251	HKD 888,648,151	HKD 52,117,728	HKD 47,415,343	NA
Sure Kit Ltd.	HKD 953,818,809	HKD 954,698,086	HKD 48,000	HKD 954,650,086	-	HKD (53,219)	HKD (53,219)	NA

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
TCC Chongqing Cement Company Limited	USD 118,000,000	HKD 2,430,411,161	HKD 310,707,400	HKD 2,119,703,761	HKD 1,459,840,064	HKD 532,178,458	HKD 407,403,595	NA
Prime York Ltd.	HKD 532,147,515	HKD 535,257,103	HKD 2,676,092	HKD 532,581,011	-	HKD 88,945,724	HKD 88,945,724	HKD 8,635.51
Prosperity Minerals (China) Limited	USD 10,300	HKD 128,308,419	HKD 6,960,543	HKD 121,347,876	-	HKD (3,085,261)	HKD (3,120,465)	NA
Mega East Limited	HKD 597,603,470	HKD 597,883,674	HKD 465,785	HKD 597,417,889	-	HKD (49,116)	HKD (49,116)	NA
TCC Guangan Cement Company Limited	USD 76,990,000	HKD 1,380,321,050	HKD 148,268,357	HKD 1,232,052,693	HKD 799,611,159	HKD 324,444,477	HKD 247,215,001	NA
TCC (DongGuan) Cement Company Limited	US\$20,000,000.00	HKD 83,911,962	HKD 6,490	HKD 83,905,472	-	HKD 2,898,536	HKD 2,898,536	NA
TCC International (China) Company Limited	HKD 62,143,260	HKD 62,127,744	HKD 184,290	HKD 61,943,454	-	HKD (23,130)	HKD (23,130)	NA
TCC New (Hangzhou) Management Company Limited	USD 8,000,000	HKD 148,925,580	HKD 103,926,789	HKD 44,998,791	-	HKD (5,455,624)	HKD (5,455,624)	NA
Kong On Cement Holdings Ltd.	HKD 127,440,000	HKD 157,542,281	HKD 19,625,666	HKD 137,916,615	-	HKD (21,365)	HKD (21,365)	NA
Guizhou Kong On Cement Company Limited	USD 20,300,000	HKD 379,158,701	HKD 180,919,766	HKD 198,238,934	HKD 233,711,305	HKD (7,593,418)	HKD (8,836,636)	NA
Wayly Holdings Limited	USD 10,501	HKD 512,864,522	HKD 26,218,857	HKD 486,645,666	-	HKD (8,878)	HKD 481,998	HKD 45.90
Guizhou Kaili Rui An Jian Cai Co., Ltd.	RMB 389,660,500	HKD 1,107,644,709	HKD 140,618,489	HKD 967,026,220	HKD 618,999,372	HKD 39,945,912	HKD 28,510,387	NA
TCC Shaoguan Cement Co., Ltd.	USD 69,100,000	HKD 622,888,368	HKD 116,950,134	HKD 505,938,234	-	HKD (3,991,939)	HKD (3,991,939)	NA
TCC Yingde Mining Industrial Company Limited	USD 11,500,000	HKD 147,848,111	HKD 30,712,874	HKD 117,135,237	HKD 79,477,861	HKD 4,260,954	HKD 3,193,583	NA
TCC Guigang Mining Industrial Company Limited	USD 5,000,000	HKD 107,276,453	HKD 11,918,449	HKD 95,358,004	HKD 68,580,693	HKD 71,735	HKD 49,126	NA
TCC Jiangsu Mining Industrial Company Limited	USD 4,000,000	HKD 80,116,695	HKD 11,832,044	HKD 68,284,651	HKD 37,916,156	HKD (662,034)	HKD (199,670)	NA
Scitus Cement (China) Holdings Limited	HKD 1,245,257,277	HKD 1,272,138,618	HKD 393,147,574	HKD 878,991,044	-	HKD (569,691)	HKD (569,691)	NA
Scitus Cement (China) Operating Company Limited	HKD 10,000	-	HKD 6,212,167	HKD (6,212,167)	-	HKD (14,605)	HKD (14,605)	NA
Hexagon Holdings Limited	HKD 1	HKD 211,619,815	HKD 12,000	HKD 211,607,815	-	HKD (14,655)	HKD (14,655)	NA
Hexagon II Holdings Limited	HKD 1	HKD 75,894,614	HKD 12,000	HKD 75,882,614	-	HKD (14,605)	HKD (14,605)	NA
Hexagon III Holdings Limited	HKD 79,500,001	HKD 158,449,215	HKD 69,046,152	HKD 89,403,063	-	HKD (51,130)	HKD (51,130)	NA
Hexagon IV Holdings Limited	HKD 136,430,001	HKD 439,487,843	HKD 281,588,378	HKD 157,899,465	-	HKD (51,472)	HKD (51,472)	NA
Hexagon V Holdings Limited	HKD 1	HKD 89,107,559	HKD 14,014,609	HKD 75,092,950	-	HKD (14,399)	HKD (14,399)	NA
Upper Value Investment Ltd.	HKD 1	HKD 560,692,861	HKD 310,320,681	HKD 250,372,180	-	HKD 83,769,145	HKD 83,769,145	HKD 83,769,145.00
Hexagon VIII Holdings Limited	HKD 1	HKD 10,832,277	HKD 12,000	HKD 10,820,277	-	HKD (3,728,362)	HKD (3,728,362)	NA
Hexagon IX Holdings Limited	HKD 1	HKD 19,298,186	HKD 20,615,324	HKD (1,317,138)	-	HKD (48,915)	HKD (48,915)	NA
Hexagon XIII Holdings Limited	HKD 1	HKD 5,859,623	HKD 12,000	HKD 5,847,623	-	HKD (998,152)	HKD (998,152)	NA
Hexagon XIV Holdings Limited	HKD 1	HKD 21,446,578	HKD 21,820,606	HKD (374,028)	-	HKD (48,915)	HKD (48,915)	NA
Scitus Luzhou Cement Co., Ltd.	RMB 395,000,000	HKD 916,155,635	HKD 169,276,812	HKD 746,878,824	HKD 611,101,330	HKD 158,987,086	HKD 118,341,275	NA
Scitus Hejiang Cement Co., Ltd.	RMB 23,250,000	HKD 2,978,062	HKD 1,671,460	HKD 1,306,602	-	HKD (535,710)	HKD (535,710)	NA
Scitus Luzhou Concrete Co., Ltd.	RMB 25,000,000	HKD 42,445,545	HKD 10,452,711	HKD 31,992,834	HKD 50,082,544	HKD (5,851,737)	HKD (4,707,975)	NA

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
Scitus Naxi Cement Co., Ltd.	RMB 146,510,000	HKD 252,617,713	HKD 126,181,236	HKD 126,436,477	HKD 202,231,677	HKD 45,755,934	HKD 45,828,734	NA
Anshun Xin Tai Construction Materials Company Limited	RMB 15,000,000	HKD 20,091,865	HKD 3,862,718	HKD 16,229,147	HKD 7,488,347	HKD (484,836)	HKD (484,836)	NA
TCC Huaying Cement Company Limited	RMB 949,880,000	HKD 1,047,566,048	HKD 111,202,202	HKD 936,363,846	HKD 675,083,910	HKD 192,954,376	HKD 166,638,199	NA
TCC Huaihua Cement Company Limited	RMB 93,000,000	HKD 1,481,784,604	HKD 733,617,078	HKD 748,167,526	HKD 737,013,367	HKD 41,883,340	HKD 72,956,927	NA
TCC Jingzhou Cement Company Limited	RMB 10,000,000	HKD 525,554,965	HKD 159,255,527	HKD 366,299,438	HKD 343,641,202	HKD 39,118,010	HKD 32,485,038	NA
TCC Huaihua Concrete Company Limited	RMB 10,000,000	HKD 29,226,713	HKD 16,170,433	HKD 13,056,280	HKD 31,115,459	HKD 76,084	HKD 76,084	NA
Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd.	RMB 126,000,000	HKD 147,799,865	HKD 9,296,640	HKD 138,503,225	-	HKD (2,340,854)	HKD (2,340,854)	NA
Beijing TCC Environmental Technology Co., Ltd. ⁹	RMB 6,000,000	HKD 3,578,391	HKD 2,154,628	HKD 1,423,763	-	HKD (5,382,301)	HKD (5,382,301)	NA
Kaili TCC Environmental Technology Co., Ltd. ¹⁰	RMB 8,000,000	HKD 7,286,547	HKD 88,740	HKD 7,197,807	-	HKD (1,790,829)	HKD (1,790,829)	NA
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd. ¹¹	RMB 4,000,000	HKD 4,026,954	HKD 98,435	HKD 3,928,520	-	HKD (551,480)	HKD (551,480)	NA
Taiwan Cement (Dutch) Holdings B.V.	EUR 831,431,000	EUR 832,393,158	EUR 6,826,194	EUR 825,566,964	-	EUR (135,457)	EUR (1,571,658)	NA
TCCMOLI Holdings(Singapore) Pte. Ltd. (TCCMOLI) ¹²	USD 30,000	USD 23,769	-	USD 23,769	-	USD (4,906)	USD (6,231)	NA
TCC (Hangzhou) Environmental Protection Technology Co., Ltd. ¹³	RMB 700,000,000	RMB 948,172,213	RMB 284,119,435	RMB 664,052,777	-	RMB (30,397,783)	RMB (35,947,223)	NA
TCC (Hangzhou) Renewable Resources Technology Co., Ltd.	-	-	-	-	-	-	-	NA

1. TJ transport Corporation was founded on August 22, 2019.

2. TCC (Yingde) Machine Co., Ltd.'s cancellation was completed in December 2019.

3. TCC PING-CHIH Green Energy Co., Ltd. was founded on August 8, 2019.

4. Chi Ho Maritime S.A. cancellation was completed in August 2019.

5. Sheng Ho Maritime S.A. cancellation was completed in September 2019.

6. Ta-Ho Taitung Environment Co., Ltd.'s liquidation was completed in December 2019 and the court is currently checking.

7. HKC Investments Ltd.'s liquidation was completed in September 2019 and the court is currently checking.

8. Anhui King Bridge Cement Co., Ltd.'s cancellation was completed in January 2019.

9. Beijing TCC Environmental Technology Co., Ltd. was founded on March 18, 2019.

10. Kaili TCC Environmental Technology Co., Ltd. was founded on January 17, 2019.

11. TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd. was founded on January 3, 2019.

12. TCCMOLI Holdings(Singapore) Pte. Ltd. (TCCMOLI) was founded on June 12, 2019.

13. TCC (Hangzhou) Environmental Protection Technology Co., Ltd. was founded on March 25, 2019.

14. TCC (Hangzhou) Renewable Resources Technology Co., Ltd. was founded on April 24, 2020.

8.2 Private placements of securities in the previous year and by the date of report publication: NA.

8.3 Stocks of this Company held and disposed by subsidiaries in the previous year and by the date of report publication: NA.

8.4 Other required supplementary notes: NA.

Events with material impacts on equity or stock price as specified in item 2, paragraph 2, Article 36 of the Securities and Exchange Act in the previous year and by the date of report publication:NA.

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Taipei Cement products Plant

No.310, Sec.1, Datong Rd., Xizhi Dist., New Taipei City 221, Taiwan
(02) 8691-9518

Tucheng Branch

No.4, Ln. 223, Sec. 3, Jiesshou Rd., Sanxia Dist., New Taipei City 237, Taiwan
(02)8676-3356

Taoyuan Branch

No.220, Sec. 2, Nanshan Rd., Luzhu Township, Taoyuan County 338, Taiwan
(03)322-2166~68

Taoyuan Second Branch

No. 59, Liufu Rd., Luzhu Dist., Taoyuan City 338, Taiwan
(03)322-1321

Taipei Delivery Station

No. 59, Guanghua Rd., Zhongshan Dist., Keelung City, 203, Taiwan
(02)2423-1815

Guishan Branch

No.688, Dongwanshou Rd., Guishan Dist., Taoyuan City 333, Taiwan
(03)359-5633

Bade Branch

No.32-1, Chung Hsiao alley, Changxing Rd., Bade City, Taoyuan County 334, Taiwan
(03)368-5785

Jhongli Branch

No.203, Sec. 6, Minzu Rd., Xinwu Township, Taoyuan County 327, Taiwan
(03)490-7675~8

Jhongli Second Branch

No. 38, Ln. 306, Sec. 1, Guoling Rd., Zhongli Dist., Taoyuan City 320, Taiwan
(03)490-5501

Hsinchu Branch

No.18, Ln. 435, Yuanshan Rd., Zhudong Township, Hsinchu County 310, Taiwan
(03)582-7660

Yilan Branch

No.438, Sec. 2, Yuanshan Rd., Yuanshan Township, Yilan County 264, Taiwan
(03)922-0456

Taichung Cement Plant

No.785, Sec. 3, Zhongqing Rd., Daya Dist., Taichung City 428, Taiwan
(04)2568-1691

Dadoo Branch

No.303, Sec. 2, Shatian Rd., Dadu Dist., Taichung City 432, Taiwan
(04)2699-2826

Taiping Branch

No.120, Sec. 2, Yungping Rd., Taiping Dist., Taichung City 411, Taiwan
(04)2273-2506

Taichung Port Cement Distribution Station

No.2, Beiheng 7th Rd., Qingshui Dist., Taichung City 436, Taiwan
(04)2656-4394~5

Shengang Branch

No.502, Xizhou Rd., Shengang Dist., Taichung City 429, Taiwan
(04)2563-3980

Caotun Branch

No.137, Renhe Rd., Nantou City, Nantou County 540, Taiwan
(049)225-3248

Kaohsiung Cement Plant

No.16, Gongye 1st Rd., Renwu Dist., Kaohsiung City 814, Taiwan
(07)372-0396

Chiayi Branch

No.8, Xinsheng St., Minxiang Township, Chiayi County 621, Taiwan
(05) 221-7215

Tainan Branch

No.36, Taiyi 7th St., Rende Dist., Tainan City 717, Taiwan
(06) 270-3259

Luzhu Branch

No.809, Daren Rd., Luzhu Dist., Kaohsiung City 821, Taiwan
(07) 607-1238

Shanhua Branch

No.33, Xingnong Rd., Shanhua Dist., Tainan City 741, Taiwan
(06) 581-0685

Anping Branch

No.84-2, Xinle Rd., South Dist., Tainan City 702, Taiwan
(06) 291-9809

Nanxun Branch

No.99-1, Gaonan Rd., Renwu Dist., Kaohsiung City 814, Taiwan
(07) 349-4062

Xiaogang Branch

No.12, Zhonglin Rd., Xiaogang Dist., Kaohsiung City 812, Taiwan
(07) 872-1166~7

Xinshi Branch

No.183, Zhongshan Rd., New Urban Dist., Tainan City 744, Taiwan
(06) 589-3441

Kaohsiung Port Cement Distribution Station(Wharves No.44)

No.12, Dahua 3rd Rd., Qianzhen Town, Kaohsiung City 806, Taiwan
(07) 813-5047~9

Anping Port Cement Distribution Station

No.6, Lane 23, Xingang Rd., South Dist., Tainan City 702, Taiwan
(06) 292-3123

The Taiwan Cement Corporation

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Transfer Agency, CTCB Bank

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Overseas listings and access to the listing information:

1.Global depository receipt - Luxembourg Stock Exchange sub-board /link for or inquiry:
<https://www.bourse.lu/issuer/TaiwanCement/55152>

2.Overseas unsecured convertible corporate bonds - Singapore Exchange/link for or inquiry:
<https://www2.sgx.com/>



The Taiwan Cement Corporation

Chairman:



THE FUTURE IS WORTH IT

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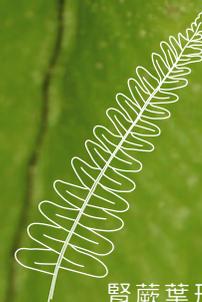
Stock code
1101

The Taiwan Cement Corporation Annexes to 2019 Annual Report

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mops.twse.com.tw

Published on April 30, 2020



腎蕨葉形
花語：豐富，滿足
Tuberous Sword Fern

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taiwan Cement Corporation (the “Corporation”) was incorporated in 1946 and was restructured as a company limited by shares in 1951, which was jointly operated by the Ministry of Economics Resource Committee and the Taiwan Provincial Government. In 1954, the Corporation 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 New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 20, 2020.

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

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

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

IFRS 16 “Leases”

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

Definition of a lease

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

The Group as lessee

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

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

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

The Group also applies the following practical expedients:

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

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

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

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 3,609,135
Less: Recognition exemption for short-term leases	(364,039)
Less: Recognition exemption for leases of low-value assets	<u>(852)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 3,244,244</u>
Discounted amounts using the incremental borrowing rate and lease liabilities recognized on January 1, 2019	<u>\$ 2,657,935</u>

The Group as lessor

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

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

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Lease receivables - non-current	\$ 30,951,796	\$ (30,951,796)	\$ -
Finance lease receivables - non-current	-	30,951,796	30,951,796
Prepayments	3,034,021	(228,483)	2,805,538
Other current assets	634,078	(23,118)	610,960
Prepayments for leases - non-current	6,584,246	(6,584,246)	-
Right-of-use assets	<u>-</u>	<u>9,493,782</u>	<u>9,493,782</u>
Total effect on assets	<u>\$ 41,204,141</u>	<u>\$ 2,657,935</u>	<u>\$ 43,862,076</u>
Lease liabilities - current	\$ -	\$ 338,183	\$ 338,183
Lease liabilities - non-current	<u>-</u>	<u>2,319,752</u>	<u>2,319,752</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 2,657,935</u>	<u>\$ 2,657,935</u>

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 9, IAS 39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 3)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

Note 4: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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.

- c. The New IFRSs issued by 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, 2022

Note: Unless stated otherwise, the above New IFRSs are effective for annual 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 terms, the Group must comply with those terms 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

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

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 the net defined benefit liability (asset) which is 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 their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the 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 had 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 Table 8: Information on investees for the 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 on the end of reporting period.

h. Investments in associates and joint ventures

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

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

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

Any excess of the cost of an acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the 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 had 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 by 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 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 had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a group entity transacts with its associate and joint venture, profits and losses 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 measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried 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 measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

k. Goodwill

Goodwill arising from the acquisition of a business is measured 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 when 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 entity disposes of an operation within that unit, the goodwill associated with the operation that is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

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

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, 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 by 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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when 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 other gains or losses. Fair value is determined in the manner described in Note 30.

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, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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 issued under 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, it 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 investment.

b) Impairment of financial assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables 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 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, not 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 impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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 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 the Group 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 the Group 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 measured at amortized cost using the effective interest method.

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

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 FVTPL, 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 presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the 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 gains or losses.

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 and 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 qualified as cash flow hedges are recognized in other comprehensive income. The gains or losses relating to the ineffective portion is 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 when the hedged item affects profit or loss. If a hedge of a 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 are 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 the customer's-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 actual voyage days to the voyage period.
- 3) Revenue from electric power is calculated according to the actual volume of electric power sold and the energy rate.

r. Leasing

2019

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

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

1) The Group as lessor

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

Under finance leases, the lease payments comprise in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments

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

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

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

2) The Group as lessee

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

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

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

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

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

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

2018

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

s. Borrowing costs

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

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

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the year 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.

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

The net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

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 have purchased is confirmed.

w. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deferred tax assets arising from deductible temporary differences associated with such investments and equity, the interests are only recognized to the extent that it is probable that there will be sufficient taxable profits 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 profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year 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 year

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

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2019	2018
Cash on hand	\$ 8,219	\$ 9,364
Checking accounts and demand deposits	25,276,394	21,245,130
Cash equivalents		
Time deposits with original maturities of less than 3 months	26,459,579	26,914,519
Bonds with repurchase agreements	<u>1,828,428</u>	<u>338,876</u>
	<u>\$ 53,572,620</u>	<u>\$ 48,507,889</u>

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

	<u>December 31</u>	
	2019	2018
Cash in banks	0.01%-4.40%	0.01%-3.00%
Bonds with repurchase agreements	0.45%-0.60%	0.31%-2.90%

As of December 31, 2019 and 2018, time deposits with original maturities of more than 3 months were \$3,992,904 thousand and \$2,382,467 thousand, respectively, which are classified as financial assets at amortized cost - current.

7. FINANCIAL INSTRUMENTS AT FVTPL

	<u>December 31</u>	
	2019	2018
<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	\$ 1,235	\$ -
Non-derivative financial assets		
Domestic listed shares	228,588	220,787
Domestic emerging market shares	96,909	85,780
Mutual funds	<u>175,273</u>	<u>243,271</u>
	<u>\$ 502,005</u>	<u>\$ 549,838</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative instruments (not under hedge accounting)		
Redemption options and put options of convertible bonds	<u>\$ -</u>	<u>\$ 139,460</u>

8. FINANCIAL ASSETS AT FVTOCI (INVESTMENTS IN EQUITY INSTRUMENTS)

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Domestic investments		
Listed shares	\$ 7,126,288	\$ 6,282,884
Convertible preference shares	<u>54,457</u>	<u>51,375</u>
	<u>\$ 7,180,745</u>	<u>\$ 6,334,259</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ 6,971,622	\$ 5,865,710
Foreign investments		
Listed shares	<u>29,148,717</u>	<u>19,926,459</u>
	<u>\$ 36,120,339</u>	<u>\$ 25,792,169</u>

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

Refer to Note 32 for information relating to investments in equity instruments at FVTOCI pledged as collateral for credit accommodations.

9. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Notes receivable	\$ 31,268,890	\$ 29,759,920
Accounts receivable	8,933,767	8,255,737
Less: Allowance for impairment loss	<u>(105,937)</u>	<u>(50,939)</u>
	<u>\$ 40,096,720</u>	<u>\$ 37,964,718</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 risk and determines their expected credit loss rate by reference to past default experience with the counterparties and on analysis of their current financial positions. The Group recognizes an allowance for impairment loss of 100% against past due receivables which have 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 of recovery of the receivable. For accounts receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The aging analysis of receivables was as follows:

	December 31	
	2019	2018
Up to 90 days	\$ 24,505,536	\$ 23,527,413
91-180 days	14,550,796	12,394,387
181-365 days	1,029,401	2,009,676
Over 365 days	<u>10,987</u>	<u>33,242</u>
	<u>\$ 40,096,720</u>	<u>\$ 37,964,718</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 Year Ended December 31	
	2019	2018
Balance at January 1	\$ 50,939	\$ 142,242
Add: Net remeasurement of loss allowance	58,292	(35,088)
Less: Amounts written off	(2,323)	(56,163)
Foreign exchange translation gains and losses	<u>(971)</u>	<u>(52)</u>
Balance at December 31, 2019	<u>\$ 105,937</u>	<u>\$ 50,939</u>

10. FINANCE LEASE RECEIVABLES

2019

	December 31, 2019
<u>Undiscounted lease payments</u>	
Year 1	\$ 5,106,298
Year 2	5,457,252
Year 3	5,550,758
Year 4	5,578,575
Year 5	6,127,364
Year 6 onwards	<u>21,296,031</u>
	49,116,278
Less: Unearned finance income	18,116,604
Less: Accumulated impairment	<u>47,878</u>
Net investment in leases presented as finance lease receivables	<u>\$ 30,951,796</u>

(Continued)

	December 31, 2019
Current (included in accounts receivable)	\$ 1,698,460
Non-current	<u>29,253,336</u>
	<u>\$ 30,951,796</u> (Concluded)

2018

	December 31, 2018
<u>Undiscounted lease payments</u>	
Not later than 1 year	\$ 5,040,945
Later than 1 year and not later than 5 years	21,692,882
Later than 5 years	<u>27,423,395</u>
	54,157,222
Less: Unearned finance income	21,683,760
Less: Accumulated impairment	<u>47,878</u>
Present value of minimum lease payments	<u>\$ 32,425,584</u>
Current (included in accounts receivable)	\$ 1,473,788
Non-current	<u>30,951,796</u>
	<u>\$ 32,425,584</u>

The contract for the sale of electric power which the Group entered into is classified as a finance lease arrangement because of the guaranteed power generation periods; and the lease term is 25 years. The interest rate inherent in the lease, which is approximately 11.18%, was fixed at the contract date for the entire lease term.

For the amounts of property, plant and equipment (reclassified as lease receivables in 2018 and finance lease receivables in 2019 after transitioning to IFRS) pledged as collateral for bank borrowings, refer to Note 32.

11. INVENTORIES

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Finished goods	\$ 2,147,190	\$ 2,624,617
Work in process	1,324,205	1,322,979
Raw materials	<u>4,661,582</u>	<u>5,516,707</u>
	<u>\$ 8,132,977</u>	<u>\$ 9,464,303</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was \$79,733,532 thousand and \$84,741,088 thousand, respectively.

The cost of goods sold included inventory write-downs (gain on reversal of inventory write-downs) which were as follows:

	For the Year Ended December 31	
	2019	2018
Inventory write-downs (gain on reversal of inventory write-downs)	<u>\$ (36,520)</u>	<u>\$ 82,954</u>

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

12. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries which are as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			2019	2018	
Taiwan Cement Corporation	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	83.9	83.9	
	TCC Investment Corporation	Investment	100.0	100.0	
	Kuan-Ho Refractories Industry Corporation	Production and sale of refractory materials	95.3	95.3	
	Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	Investment holding	84.7	84.7	
	Ta-Ho Maritime Corporation	Marine transportation	64.8	64.8	
	Taiwan Cement Engineering Corporation	Engineering services	99.0	99.0	
	TCC Green Energy Corporation	Renewable energy generation	100.0	100.0	4)
	TCC Chemical Corporation	Leasing property and energy technology services	100.0	100.0	5)
	TCC Information Systems Corporation	Information software design	99.4	99.4	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	40.0	40.0	2) 8)
	Tung Chen Mineral Corporation	Afforestation and sale of limestone	99.5	99.5	
	Jin Chang Minerals Corporation	Afforestation and sale of limestone	100.0	100.0	
	Hoping Industrial Port Corporation	Hoping Industrial Port management	100.0	100.0	
	TCC International Ltd. ("TCCI")	Investment holding	100.0	100.0	9)
	TCCMOLI Holdings (Singapore) Pte. Ltd. (TCCMOLI)	Investment holding	100.0	-	7)
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	
	Ta-Ho Taitung Environment Co., Ltd.	Waste collection and treatment	-	100.0	3)
	HPC Power Services Corporation	Business consulting	60.0	60.0	
	E.G.C. Cement Corporation	Sale of cement	50.6	50.6	
	Feng Sheng Enterprise Company Limited	Sale of ready-mixed concrete	45.4	45.4	8)
	Trans Philippines Mineral Corp. ("TPMC")	Mining excavation	40.0	40.0	8)
	Taicorn Minerals Corp. ("TMC")	Mining excavation	72.7	72.7	
	Ta-Ho RSEA Environment Co., Ltd.	Waste collection and treatment	66.6	66.6	
	Ho Sheng Mining Co., Ltd.	Mining excavation	100.0	100.0	
	TCC International Holdings Limited ("TCCIH")	Investment	38.3	38.3	9)
	Taiwan Cement (Dutch) Holdings B.V.	Investment	100.0	100.0	12)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2019	2018	
Taiwan Transport & Storage Corporation	E.G.C. Cement Corporation	Sale of cement	49.4	49.4	2)
	Ta-Ho Maritime Corporation	Marine transportation	29.2	29.2	1) 2)
	Tai-Jie Transport & Storage Corporation (TJ Transport Corporation)	Transportation	100.0	-	7)
TCC Investment Corporation	Union Cement Traders Inc.	Import and export trading	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	0.5	0.5	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.2	0.2	2) 8)
HKCMCL	Ta-Ho Maritime Corporation	Marine transportation	-	-	
	TCC Development Ltd.	Property leasing	100.0	100.0	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Investment	100.0	100.0	
Taiwan Cement Engineering Corporation	TCEC (Yingde) Machinery Co., Ltd.	Production and sale of cement machinery and assembly work	-	100.0	10)
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Investment	100.0	100.0	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	2.3	2.3	8)
TCCI	TCCIH	Investment holding	61.7	61.7	9)
TPMC	TMC	Mining excavation	18.2	18.2	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	0.7	0.7	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Renewable energy generation	100.0	100.0	6)
	TCC Green Energy Corporation	Chang-Wang Wind Power Co., Ltd	Renewable energy generation	100.0	100.0
	TCC Nan-Chung Green Energy Corporation	Renewable energy generation	100.0	100.0	7)
	TCC Kao-Cheng Green Energy Corporation	Renewable energy generation	100.0	100.0	7)
	TCC Chang-Ho Green Energy Corporation	Renewable energy generation	100.0	100.0	7)
	TCC Chia-Chien Green Energy Corporation	Renewable energy generation	100.0	100.0	7)
	TCC Yun-Kai Green Energy Corporation	Renewable energy generation	100.0	100.0	7)
	TCC Lien-Hsin Green Energy Corporation	Renewable energy generation	100.0	100.0	7)
	TCC Ping-Chih Green Energy Corporation (PTGE)	Renewable energy generation	100.0	-	7)
Ta-Ho Maritime Holdings Ltd.	Ta-Ho Maritime (Hong Kong) Limited	Marine transportation	100.0	100.0	
	THC International S.A.	Marine transportation	100.0	100.0	2)
	Chi Ho Maritime S.A.	Marine transportation	-	100.0	3)
	Sheng Ho Maritime S.A.	Marine transportation	-	100.0	3)
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	
Taicem Information (Samoa) Pte., Ltd.	Fuzhou TCC Information Technology Co., Ltd.	Software product and equipment maintenance	100.0	100.0	
Ta-Ho Maritime (Hong Kong) Limited	Da Tong (Guigang) International Logistics Co., Ltd.	Logistics and transportation	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	
	Guigang Da-Ho Shipping Co., Ltd.	Marine transportation	100.0	100.0	
TCCIH	Chia Hsin Cement Greater China Holding Corporation	Investment holding	100.0	100.0	
	Upper Value Investment Limited	Investment holding	100.0	100.0	
	Upper Value Investments Ltd. (“UPPV”)	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	
	Ulexite Investments Ltd.	Investment holding	100.0	100.0	
Upper Value Investment Limited	Prime York Ltd.	Investment holding	100.0	100.0	
	Prosperity Minerals (International) Limited	Investment holding	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2019	2018	
TCC Hong Kong Cement (BVI) Holdings Ltd.	TCC Hong Kong Cement Development Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (“QHC”) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (Yargoon) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (“HKC”) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (Philippines) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (International) Ltd.	Investment holding	100.0	100.0	
	Hong Kong Cement Company Limited (“HKCCL”)	Sale of cement	100.0	100.0	
TCC Hong Kong Cement (QHC) Ltd.	Chiefolk Company Ltd.	Investment holding	70.0	70.0	
Chiefolk Company Ltd.	TCC International (Liuzhou) Ltd.	Investment holding	100.0	100.0	
TCC International (Liuzhou) Ltd.	TCC Liuzhou Company Ltd.	Investment holding	100.0	100.0	
TCC Liuzhou Company Ltd.	TCC Liuzhou Construction Materials Co., Ltd.	Manufacturing and sale of slag powder	60.0	60.0	
TCC Hong Kong Cement (Philippines) Ltd.	TCC Cement Corporation	Cement processing services	100.0	100.0	
TCC Hong Kong Cement (International) Ltd.	TCC International (Hong Kong) Co., Ltd. (“TCCI (HK)”)	Investment holding	100.0	100.0	
TCCI (HK)	TCC Guigang Mining Industrial Company Limited	Mining excavation	52.5	52.5	
	Jiangsu TCC Investment Co., Ltd.	Investment holding	100.0	100.0	
	Jingyang Industrial Limited	Investment holding	100.0	100.0	
	TCC International (Guangxi) Ltd.	Investment holding	100.0	100.0	
	TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	48.9	48.9	
	TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Jiangsu Mining Industrial Company Limited	Mining excavation	100.0	100.0	
	TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	100.0	100.0	
	TCC (Dong Guan) Cement Company Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	-	60.0	11)
Jiangsu TCC Investment Co., Ltd.	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	21.5	21.5	
Jingyang Industrial Limited	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	78.5	78.5	
TCC International (Guangxi) Ltd.	TCC (Guigang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	TCC Guigang Mining Industrial Company Limited	Mining excavation	47.5	47.5	
	Guigang TCC DongYuan Environmental Technology Company Limited	Hazardous waste treatment	95.2	95.2	13)
TCC Yingde Cement Co., Ltd.	TCC Yingde Mining Industrial Company Limited	Mining excavation	34.8	34.8	
	Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	25.0	25.0	
	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			2019	2018	
	Beijing TCC Environmental Technology Co., Ltd.	Technology development, enterprise management and sales	100.0	-	7)
	TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Environmental protection, cement and enterprise management consulting	100.0	-	7)
TCC Jiangsu Mining Industrial Company Limited	TCC Yingde Mining Industrial Company Limited	Mining excavation	16.3	16.3	
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	TCC Huaihua Concrete Company Limited	Sale of ready-mixed concrete	100.0	100.0	
Ulexite Investments Ltd. UPPV	HKC Investments Ltd. Wayly Holdings Limited. TCC International (China) Company Limited	Investment holding Investment holding Investment holding	- 100.0 100.0	100.0 100.0 100.0	3)
	Kong On Cement Holdings Ltd. Mega East Ltd. Prosperity Minerals (China) Limited.	Investment holding Investment holding Investment holding	65.0 100.0 100.0	65.0 100.0 100.0	
	Sure Kit Ltd. Hensford Ltd. Kiton Ltd. Prosperity Cement Investment Ltd. Scitus Cement (China) Holdings Ltd. ("Scitus Holdings")	Investment holding Investment holding Investment holding Investment holding Investment holding	100.0 100.0 100.0 100.0 100.0	100.0 100.0 100.0 100.0 100.0	
Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC International (China) Co., Ltd.	TCC New (Hangzhou) Management Company Limited	Operation management	100.0	100.0	
Kong On Cement Holdings Ltd.	Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Mega East Ltd.	TCC Guangan Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Sure Kit Ltd.	TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Kiton Ltd.	TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Prosperity Cement Investment Ltd.	Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
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	
TCC New (Hangzhou) Management Company Limited	Kaili TCC Environment Technology Co., Ltd	Waste collection and treatment	100.0	-	7)
Scitus Holdings	Scitus Cement (China) Operating Co., Limited.	Investment holding	100.0	100.0	
	Hexagon XIV Holdings Limited Hexagon XIII Holdings Limited Hexagon IX Holdings Limited Hexagon VIII Holdings Limited Hexagon V Holdings Limited Hexagon IV Holdings Limited Hexagon III Holdings Limited Hexagon II Holdings Limited Hexagon Holdings Limited	Investment holding Investment holding Investment holding Investment holding Investment holding Investment holding Investment holding Investment holding Investment holding	100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0	100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0	
Hexagon IX Holdings Ltd.	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon IV Holdings Ltd.	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon III Holdings Ltd.	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon XIV Holdings Ltd. Scitus Luzhou Cement Co., Ltd.	Scitus Luzhou Concrete Co., Ltd. TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd.	Sales of ready-mixed concrete Technology development, enterprise management and sales	75.0 55.0	75.0 -	7)

(Concluded)

Remarks:

- 1) Refer to Note 27 for information on the related acquisition transaction.
- 2) Taiwan Cement Corporation and TCC Investment Corporation successively disposed of part of their joint ownership in Taiwan Prosperity Chemical Corporation in 2018. Taiwan Transport & Storage Corporation successively acquired part of the shares of Ta-Ho Maritime Corporation and E.G.C. Cement Corporation in 2018, and Ta-Ho Maritime Corporation in 2019. In July 2019, the board of directors of Ta-Ho Maritime Holdings resolved to increase its capital investment in THC International S.A.
- 3) Ho Swen Construction Material Co., Ltd., Chi Ho Maritime S.A. and Sheng Ho Maritime S.A. had completed liquidation in December 2018, August 2019 and September 2019, respectively. HKC Investments Ltd. and Ta-Ho Taitung Environment Co., Ltd. were in the process of liquidation in December 2019.
- 4) Tunwoo Company Limited changed its name to TCC Green Energy Corporation in March 2018, and changed its main business to renewable energy generation.
- 5) For the purpose of streamlining its investment structure, the Group's board of directors approved the merger of Kuan-Ho Construction & Development Corporation and TCC Chemical Corporation, with the latter as the surviving company. The effective date of the merger was January 1, 2018.
- 6) Ho-Ping Renewable Energy Company was established in April 2018 and was included in the consolidated financial statements since then.
- 7) TCC Chia-Chien Green Energy Corporation, TCC Yun-Kai Green Energy Corporation, TCC Lien-Hsin Green, TCC Kao-Cheng Green Energy Corporation, TCC Nan-Chung Green Energy Corporation, TCC Chang-Ho Green Energy Corporation and Chang-Wang Wind Power Co., Ltd. were established in 2018. TCC Ping-Chih Green Energy Corporation, Beijing TCC Environmental Technology Co., Ltd., TCC (Hangzhou) Environmental Protection Technology Co., Ltd., Kaili TCC Environment Technology Co., Ltd, TCCMOLI, TJ Transport Corporation and TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd were established in 2019.
- 8) Although the Group's percentages of ownership in Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC were less than 50%, the Group still has control over those entities. Thus, Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC are considered as subsidiaries of the Group.
- 9) Taiwan Cement Corporation increased its investment in the capital of TCCI and TCCIH in 2018, but TCCI did not simultaneously increase its investment in the capital of TCCIH. Thus, Taiwan Cement Corporation's percentage of ownership in TCCIH increased to 38.3%, and TCCI's percentages of ownership in TCCIH decreased to 61.7%.
- 10) Taiwan Cement Engineering Corporation originally indirectly owned 100% of the shares in TCEC (Yingde) Machine Co., Ltd. through TCEC Corporation. However, the Brunei Darussalam government announced on December 22, 2016 that all international companies have to wind up their businesses. Therefore, Taiwan Cement Engineering Corporation ended up having changed its ownership of TCEC (Yingde) Machine Co., Ltd., from indirect to direct ownership and TCEC (Yingde) Machine Co., Ltd. was further cancelled in the end of 2019.
- 11) Anhui King Bridge Cement Co., Ltd was dissolved and cancelled during the three months ended March 31, 2019.

- 12) Its board of directors resolved to establish Taiwan Cement (Dutch) Holdings B.V. in October 2018, which established the joint venture, Cimpor Global Holdings B.V. (formerly known as Dutch OYAK TCC Holdings B.V.), with Ordu Yardimlasma Kurumu which. The Group obtained 40% interest in the joint venture through cash injection and indirectly acquired the cement investment projects in areas such as Turkey.
- 13) The Group setup TCC (Guigang) Dung Yuan Green Energy Corporation by means of joint venture in June 2018, the group hold 40% of interests of which, in October 2018, The board of directors of TCC (Guigang) Cement Limited approved the \$116 million that was initially financed to TCC (Guigang) Dung Yuan Green Corporation and converted it to share capital, and the holding rate of interests increased to 95.2%.

b. Details of subsidiaries with material non-controlling interests

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

See Table following the Notes to Consolidated Financial Statements for the information on the places of incorporation and principal businesses.

The summarized financial information below represents amounts before intragroup eliminations.

Taiwan Prosperity Chemical Corporation

	December 31	
	2019	2018
Current assets	\$ 3,888,222	\$ 5,434,627
Non-current assets	4,669,893	6,079,902
Current liabilities	(2,903,186)	(4,138,703)
Non-current liabilities	<u>(4,009,869)</u>	<u>(3,842,504)</u>
Equity	<u>\$ 1,645,060</u>	<u>\$ 3,533,242</u>
Equity attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ 699,344	\$ 1,502,047
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>945,716</u>	<u>2,031,195</u>
	<u>\$ 1,645,060</u>	<u>\$ 3,533,242</u>
Operating revenue	<u>\$ 10,370,301</u>	<u>\$ 15,166,053</u>
Profit (loss) for the year	\$ (2,013,070)	\$ 332,064
Other comprehensive income (loss) for the year	<u>124,888</u>	<u>(16,614)</u>
Total comprehensive income (loss) for the year	<u>\$ (1,888,182)</u>	<u>\$ 315,450</u>

(Continued)

	December 31	
	2019	2018
Profit (loss) attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ (855,793)	\$ 161,640
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>(1,157,277)</u>	<u>170,424</u>
	<u>\$ (2,013,070)</u>	<u>\$ 332,064</u>
Total comprehensive income (loss) attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ (802,703)	\$ 133,965
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>(1,085,479)</u>	<u>181,485</u>
	<u>\$ (1,888,182)</u>	<u>\$ 315,450</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (410,005)	\$ 476,933
Investing activities	(187,293)	1,468
Financing activities	<u>(714,919)</u>	<u>465,913</u>
Net cash inflow (outflow)	<u>\$ (1,312,217)</u>	<u>\$ 944,314</u>

Ho-Ping Power Company

	December 31	
	2019	2018
Current assets	\$ 7,962,055	\$ 7,115,395
Non-current assets	29,913,098	31,537,715
Current liabilities	(5,278,137)	(6,627,608)
Non-current liabilities	<u>(3,388,757)</u>	<u>(3,353,289)</u>
Equity	<u>\$ 29,208,259</u>	<u>\$ 28,672,213</u>
Equity attributable to:		
Owners of Ho-Ping Power Company	\$ 17,521,488	\$ 17,199,861
Non-controlling interests of Ho-Ping Power Company	<u>11,686,771</u>	<u>11,472,352</u>
	<u>\$ 29,208,259</u>	<u>\$ 28,672,213</u>

	For the Year Ended December 31	
	2019	2018
Operating revenue	<u>\$ 14,402,352</u>	<u>\$ 12,777,360</u>
Profit for the year	\$ 5,535,574	\$ 2,390,778
Other comprehensive income (loss) for the year	<u>(9,142)</u>	<u>(132)</u>
Total comprehensive income for the year	<u>\$ 5,526,432</u>	<u>\$ 2,390,646</u>

(Continued)

	For the Year Ended December 31	
	2019	2018
Profit attributable to:		
Owners of Ho-Ping Power Company	\$ 3,321,344	\$ 1,434,468
Non-controlling interests of Ho-Ping Power Company	<u>2,214,230</u>	<u>956,310</u>
	<u>\$ 5,535,574</u>	<u>\$ 2,390,778</u>
Total comprehensive income attributable to:		
Owners of Ho-Ping Power Company	\$ 3,315,859	\$ 1,434,388
Non-controlling interests of Ho-Ping Power Company	<u>2,210,573</u>	<u>956,258</u>
	<u>\$ 5,526,432</u>	<u>\$ 2,390,646</u>
Net cash inflow from:		
Operating activities	\$ 7,836,324	\$ 4,019,768
Investing activities	(45,939)	(114,722)
Financing activities	<u>(7,065,521)</u>	<u>(3,627,325)</u>
Net cash inflow	<u>\$ 724,864</u>	<u>\$ 277,721</u>
Dividends paid to non-controlling interests of Ho-Ping Power Company	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

13. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in associates	<u>\$ 47,631,870</u>	<u>\$ 46,247,974</u>
	December 31	
	2019	2018
Material associates		
Cimpor Global Holdings B.V.	\$ 27,832,897	\$ 29,071,244
Individually immaterial associates		
International CSRC Investment Holdings Co., Ltd.	6,286,309	6,196,876
Prosperity Conch Cement Company Limited	5,813,901	4,744,772
TCC Recycle Energy Technology Company	1,806,253	-
CCC USA Corporation	1,724,538	1,625,444
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,700,788	1,664,696
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,117,517	876,910
ONYX Ta-Ho Environmental Services Co., Ltd.	818,277	786,226
Sichuan Taichang Building Material Group Company Limited	184,793	47,692
Hong Kong Concrete Co., Ltd.	179,471	217,105
Quon Hing Concrete Co., Ltd.	160,245	283,508
Synpac Ltd.	6,881	6,991
E-ONE moli energy corp.	-	635,495
Shih Hsin Storage & Transportation Co., Ltd.	-	46,369
Chia Huan Tung Cement Corporation	<u>-</u>	<u>44,646</u>
	<u>\$ 47,631,870</u>	<u>\$ 46,247,974</u>

For the amounts of the Group's investments accounted for using the equity method provided as loan guarantees, refer to Note 32.

a. Material associates

	Proportion of Ownership	
	December 31	
	2019	2018
Cimpor Global Holdings B.V.	40.0%	40.0%

For information on the nature of activities, principal place of business and country of incorporation of Cimpor Global Holdings B.V. and other investees, refer to Table 8.

Cimpor Global Holdings B.V (formerly known as Dutch OYAK TCC Holdings B.V.) is a joint venture company established by 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 December 31, 2018, 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, and the transaction price increased by \$222,626 thousand (included in other payables to related parties). 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.

	December 31	
	2019	2018
Current assets	\$ 16,806,980	\$ 37,295,117
Non-current assets	64,433,834	3,5469,096
Current liabilities	(11,714,622)	(11,451,405)
Non-current liabilities	(14,600,541)	(2,430,560)
Non-controlling equity	<u>(9,735,582)</u>	<u>(11,862,945)</u>
Equity attributable to the Parent company	<u>\$ 45,190,069</u>	<u>\$ 47,019,303</u>
Proportion of the Group's ownership	40%	40%
Equity attributable to the Group	\$ 18,076,028	\$ 18,807,721
Goodwill	<u>9,756,869</u>	<u>10,263,523</u>
Carrying amount	<u>\$ 27,832,897</u>	<u>\$ 29,071,244</u>

	For the Year Ended December 31	
	2019	2018
Operating revenue	<u>\$ 17,136,039</u>	<u>\$ 1,044,209</u>
Net income (loss) for the year	\$ 348,035	\$ (167,984)
Other comprehensive income (loss)	<u>(647,263)</u>	<u>42,924</u>
Total comprehensive income (loss) for the year	<u>\$ (299,228)</u>	<u>\$ (125,060)</u>

b. Aggregate information of individually immaterial associates

	Proportion of Ownership	
	December 31	
	2019	2018
International CSRC Investment Holdings Co., Ltd. (Note 1)	19.2%	19.2%
Prosperity Conch Cement Company Limited	25.0%	25.0%
TCC Recycle Energy Technology Company (Note 2)	29.7%	-
CCC USA Corporation (Note 3)	33.3%	33.3%
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
BaoShen & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%
Sichuan Taichang Building Material Group Company Limited	30.0%	30.0%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%
Quon Hing Concrete Co., Ltd.	50.0%	50.0%
Synpac Ltd.	25.0%	25.0%
E-ONE Moli Energy Corporation (Notes 1 and 2)	-	29.9%
Shih Hsin Storage & Transportation Co., Ltd. (Note 4)	-	18.9%
Chia Huan Tung Cement Corporation (Note 5)	-	33.8%

	For the Year Ended December 31	
	2019	2018
The Group's share of:		
Net income for the year	\$ 2,517,673	\$ 2,330,607
Other comprehensive loss	<u>(82,548)</u>	<u>(438,785)</u>
Total comprehensive income for the year	<u>\$ 2,435,125</u>	<u>\$ 1,891,822</u>

Note 1: During the year ended December 31, 2018, the Group paid \$673,918 thousand and \$3,060,365 thousand to acquire the additional shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd., respectively, and the Group's percentage of ownership in the aforementioned investees subsequently increased from 15.1% to 29.9% and from 12.5% to 19.2%, respectively. After the increase in shareholding proportions of the aforementioned investees, the Group assessed that they have significant influence over the investees and reclassified them as investments accounted for using the equity method. 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 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 paid \$802,438 thousand to acquire the shares of CCC USA Corp in 2018.

Note 4: The Group's percentage of ownership in Shih Hsin Storage & Transportation Co., Ltd. is 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 and the liquidation refund of \$41,191 thousand has been received. In addition, \$1,813 thousand was included in other receivables - related parties.

Note 5: 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 in the process of liquidation as at the end of 2019, and \$38,088 thousand has been included in other receivables - related parties.

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the associates' audited financial statements for the same years then ended except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considered that there would be no significant adjustments if such financial statements were to be audited.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2018	\$ 20,665,029	\$ 50,587,364	\$ 98,082,294	\$ 12,142,556	\$ 4,402,613	\$ 185,879,856
Additions	8,000	125,603	381,605	2,011,212	1,516,506	4,042,926
Disposals	-	(397,580)	(4,280,347)	(1,483,511)	-	(6,161,438)
Reclassification	(7,780)	37,133	547,220	7,584	(558,411)	25,746
Effects of exchange rate changes	-	(735,344)	(1,222,385)	43,143	(64,066)	(1,978,652)
Balance at December 31, 2018	<u>\$ 20,665,249</u>	<u>\$ 49,617,176</u>	<u>\$ 93,508,387</u>	<u>\$ 12,720,984</u>	<u>\$ 5,296,642</u>	<u>\$ 181,808,438</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2018	\$ 274,188	\$ 15,829,125	\$ 64,476,095	\$ 10,507,380	\$ 83,664	\$ 91,170,452
Disposals	-	(247,758)	(4,058,526)	(1,387,022)	-	(5,693,306)
Depreciation expenses	-	1,398,469	4,097,581	610,592	-	6,106,642
Impairment losses	-	21,310	4,062	-	-	25,372
Reclassification	-	(4,837)	104,491	(104,491)	-	(4,837)
Effects of exchange rate changes	-	(210,058)	(688,181)	10,488	(1,959)	(889,710)
Balance at December 31, 2018	<u>\$ 274,188</u>	<u>\$ 16,786,251</u>	<u>\$ 63,935,522</u>	<u>\$ 9,636,947</u>	<u>\$ 81,705</u>	<u>\$ 90,714,613</u>
Carrying amounts at December 31, 2018	<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>

(Continued)

	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	11,277	119,256	1,079,643	4,530,745	2,486,059	8,226,980
Disposals	-	(283,142)	(551,950)	(2,329,013)	(25,402)	(3,189,507)
Reclassification	-	193,802	798,928	161,848	(1,111,047)	43,531
Effects of exchange rate changes	-	(1,185,594)	(1,915,847)	(152,765)	(129,873)	(3,384,079)
Balance at December 31, 2019	<u>\$ 20,676,526</u>	<u>\$ 48,461,498</u>	<u>\$ 92,919,161</u>	<u>\$ 14,931,799</u>	<u>\$ 6,516,379</u>	<u>\$ 183,505,363</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	-	(69,083)	(400,424)	(2,035,170)	-	(2,504,677)
Depreciation expenses	-	1,449,595	4,467,167	273,275	-	6,190,037
Impairment losses	-	55,914	580,062	138,808	-	774,784
Reclassification	-	778	650	(1,428)	-	-
Effects of exchange rate changes	-	(364,671)	(1,134,445)	(48,689)	(2,908)	(1,550,713)
Balance at December 31, 2019	<u>\$ 274,188</u>	<u>\$ 17,858,784</u>	<u>\$ 67,448,532</u>	<u>\$ 7,963,743</u>	<u>\$ 78,797</u>	<u>\$ 93,624,044</u>
Carrying amounts at December 31, 2019	<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>

(Concluded)

For the years ended December 31, 2019 and 2018, the Group recognized impairment losses of \$774,784 thousand and \$25,372 thousand, respectively, after assessing that the recoverable amounts of part of its property, plant and equipment were lower than their carrying amounts due to factors such as idling as a result of decrease in market demand or natural disasters.

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 32.

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

	For the Year Ended December 31	
	2019	2018
Acquisitions of property, plant and equipment	\$ 8,226,980	\$ 4,042,926
Increase (decrease) in prepayments for equipment	446,845	(275,719)
Decrease (increase) in payables for equipment	<u>(472,030)</u>	<u>550,712</u>
	<u>\$ 8,201,795</u>	<u>\$ 4,317,919</u>

15. LEASE ARRANGEMENTS - 2019

a. Right-of-use assets

	December 31, 2019
<u>Carrying amounts</u>	
Land (Note)	\$ 11,704,843
Buildings	808,408
Machinery	172,103
Other	<u>48,932</u>
	<u>\$ 12,734,286</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 Year Ended December 31, 2019
Additions to right-of-use assets	<u>\$ 4,122,514</u>
Depreciation charge for right-of-use assets	
Land	\$ 426,081
Buildings	161,092
Machinery	92,275
Other	<u>18,059</u>
	<u>\$ 697,507</u>

b. Lease liabilities

	December 31, 2019
<u>Carrying amounts</u>	
Current	<u>\$ 416,346</u>
Non-current	<u>\$ 2,073,806</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	1.79%-4.90%
Buildings	1.79%-4.75%
Machinery	1.21%-2.00%
Other	1.76%-4.75%

c. Important tenancy activities and terms

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

d. Other lease information

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	<u>\$ 1,208,205</u>
Expenses relating to low-value asset leases	<u>\$ 622</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 203,057</u>
Total cash outflow for leases	<u>\$ (1,657,786)</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.

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2018	\$ 6,799,051	\$ 1,417,773	\$ 8,216,824
Disposals	-	(64,284)	(64,284)
Reclassification	7,780	8,284	16,064
Effects of exchange rate changes	<u>-</u>	<u>777</u>	<u>777</u>
Balance at December 31, 2018	<u>\$ 6,806,831</u>	<u>\$ 1,362,550</u>	<u>\$ 8,169,381</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 1,081,587	\$ 760,317	\$ 1,841,904
Depreciation expenses	-	22,885	22,885
Disposals	-	(47,642)	(47,642)
Reclassification	-	7,518	7,518
Effects of exchange rate changes	<u>-</u>	<u>256</u>	<u>256</u>
Balance at December 31, 2018	<u>\$ 1,081,587</u>	<u>\$ 743,334</u>	<u>\$ 1,824,921</u>
Carrying amounts at December 31, 2018	<u>\$ 5,725,244</u>	<u>\$ 619,216</u>	<u>\$ 6,344,460</u>
<u>Cost</u>			
Balance at January 1, 2019	\$ 6,806,831	\$ 1,362,550	\$ 8,169,381
Effects of exchange rate changes	<u>-</u>	<u>(491)</u>	<u>(491)</u>
Balance at December 31, 2019	<u>\$ 6,806,831</u>	<u>\$ 1,362,059</u>	<u>\$ 8,168,890</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 1,081,587	\$ 743,334	\$ 1,824,921
Depreciation expenses	-	21,943	21,943
Effects of exchange rate changes	-	(183)	(183)
Balance at December 31, 2019	<u>\$ 1,081,587</u>	<u>\$ 765,094</u>	<u>\$ 1,846,681</u>
Carrying amounts at December 31, 2019	<u>\$ 5,725,244</u>	<u>\$ 596,965</u>	<u>\$ 6,322,209</u> (Concluded)

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

The fair values of the investment properties were determined by independent qualified professional valuers or the Group's management using market prices of similar properties. As of December 31, 2019 and 2018, the fair values of investment properties were \$14,859,809 thousand and \$14,865,003 thousand, respectively.

The investment properties pledged as collateral for bank borrowings are set out in Note 32.

17. INTANGIBLE ASSETS

	Goodwill	Operational Concession	Mining Rights	Others	Total
<u>Cost</u>					
Balance at January 1, 2018	\$ 12,032,957	\$ 7,681,476	\$ 3,215,101	\$ 1,189,793	\$ 24,119,327
Acquired through business combinations	221,802	-	-	-	221,802
Additions	-	-	49,403	5,482	54,885
Effects of exchange rate changes	(266,414)	-	(65,405)	(766)	(332,585)
Balance at December 31, 2018	<u>\$ 11,988,345</u>	<u>\$ 7,681,476</u>	<u>\$ 3,199,099</u>	<u>\$ 1,194,509</u>	<u>\$ 24,063,429</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2018	\$ 156,000	\$ 906,666	\$ 1,210,061	\$ 993,976	\$ 3,266,703
Amortization expenses	-	151,111	168,235	67,848	387,194
Impairment losses	-	-	5,660	-	5,660
Effects of exchange rate changes	-	-	(25,329)	1,849	(23,480)
Balance at December 31, 2018	<u>\$ 156,000</u>	<u>\$ 1,057,777</u>	<u>\$ 1,358,627</u>	<u>\$ 1,063,673</u>	<u>\$ 3,636,077</u>
Carrying amounts at December 31, 2018	<u>\$ 11,832,345</u>	<u>\$ 6,623,699</u>	<u>\$ 1,840,472</u>	<u>\$ 130,836</u>	<u>\$ 20,427,352</u>
<u>Cost</u>					
Balance at January 1, 2019	\$ 11,988,345	\$ 7,681,476	\$ 3,199,099	\$ 1,194,509	\$ 24,063,429
Additions	-	-	95,248	11,013	106,261
Effects of exchange rate changes	(384,835)	-	(109,738)	(14,528)	(509,101)
Balance at December 31, 2019	<u>\$ 11,603,510</u>	<u>\$ 7,681,476</u>	<u>\$ 3,184,609</u>	<u>\$ 1,190,994</u>	<u>\$ 23,660,589</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	-	151,111	220,988	58,179	430,278
Effects of exchange rate changes	-	-	(49,671)	(12,213)	(61,884)
Balance at December 31, 2019	<u>\$ 156,000</u>	<u>\$ 1,208,888</u>	<u>\$ 1,529,944</u>	<u>\$ 1,109,639</u>	<u>\$ 4,004,471</u>
Carrying amounts at December 31, 2019	<u>\$ 11,447,510</u>	<u>\$ 6,472,588</u>	<u>\$ 1,654,665</u>	<u>\$ 81,355</u>	<u>\$ 19,656,118</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

18. PREPAYMENTS FOR LEASES - 2018

	December 31, 2018
Current (included in prepayments)	\$ 250,309
Non-current	<u>6,584,246</u>
	<u>\$ 6,834,555</u>

The above prepayments for leases were mainly for land use rights in China. The Group applied IFRS 16 “Leases” since 2019 and reclassified prepayments for leases to right-of-use assets. Refer to Note 15 for more information.

19. BORROWINGS

a. Short-term loans

	December 31	
	2019	2018
Secured borrowings		
Bank loans	\$ <u>150,000</u>	\$ <u>100,000</u>
Unsecured borrowings		
Bank loans - unsecured	29,899,542	26,126,051
Bank loans - letters of credit	<u>395,506</u>	<u>-</u>
	<u>30,295,048</u>	<u>26,126,051</u>
	<u>\$ 30,445,048</u>	<u>\$ 26,226,051</u>
Interest rate	0.82%-4.35%	0.80%-4.57%

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	\$ 5,880,000	\$ 7,410,000
Less: Unamortized discount on bills payable	<u>4,602</u>	<u>7,786</u>
	<u>\$ 5,875,398</u>	<u>\$ 7,402,214</u>
Interest rate	0.96%-1.24%	0.90%-1.24%

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

	December 31	
	2019	2018
Secured borrowings	\$ 4,112,790	\$ 3,767,073
Unsecured borrowings	<u>28,064,383</u>	<u>22,788,845</u>
	<u>32,177,173</u>	<u>26,555,918</u>
Long-term bills payable	11,828,000	22,500,000
Less: Discount on long-term bills payable	<u>27,034</u>	<u>23,120</u>
	<u>11,800,966</u>	<u>22,476,880</u>
	43,978,139	49,032,798
Less: Current portions	<u>1,624,138</u>	<u>1,923,945</u>
	<u>\$ 42,354,001</u>	<u>\$ 47,108,853</u>
Interest rate - long-term bank loans	1.40%-2.90%	1.29%-3.99%
Interest rate - long-term bills payable	1.32%-1.50%	1.25%-1.31%

Long-term loans consist of unsecured borrowings, secured borrowings and earmarked loans. The principals of long-term unsecured and secured borrowings are due in September 2025, and the interests are paid monthly. The principals of earmarked loans are due in December 2025, and the interests are paid 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 report. 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 loan were not reclassified as current liabilities on December 31, 2019. In addition to the above, the Group did not violate financial covenants of long-term bank loans and long-term bills payable.

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

	December 31	
	2019	2018
Domestic unsecured bonds	\$ 24,600,000	\$ 12,000,000
Less: Discount on bonds payable	<u>55,240</u>	<u>23,156</u>
	<u>24,544,760</u>	<u>11,976,844</u>
Overseas unsecured convertible bonds	12,663,477	12,663,477
Less: Discount on bonds payable	<u>1,508,459</u>	<u>1,862,628</u>
	<u>11,155,018</u>	<u>10,800,849</u>
	<u>\$ 35,699,778</u>	<u>\$ 22,777,693</u>

a. Domestic unsecured bonds

The Corporation issued domestic unsecured bonds at face value in the amount of \$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-time repayment of principal should be made in full on June 21, 2033 and with interest paid annually.

The Corporation issued domestic unsecured bonds at face value in the amount of \$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-time repayment of principal should be made in full on June 14, 2024 and with interest paid annually.

b. Overseas unsecured convertible bonds

In June 2018, the Corporation's board of directors resolved to issue overseas unsecured convertible bonds for the first time. This proposal was approved and became effective under the letter issued by the FSC dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 10703258532). The bonds which durations are 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 1st 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 the 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.

	December 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>354,169</u>
Liability component at December 31, 2019	<u><u>\$ 11,155,018</u></u>

21. OTHER PAYABLES

	<u>December 31</u>	
	2019	2018
Salaries and bonuses payable	\$ 2,622,388	\$ 2,824,501
Taxes payable	1,332,528	2,555,872
Deposits and retention money	988,210	1,178,230
Payables for equipment	940,080	478,370
Payables for electricity	422,941	382,476
Freight payables	388,269	485,067
Interest payable	248,728	287,911
Payables to related parties (Note 31)	234,793	6,892
Fines payable	-	132,000
Others	<u>4,047,467</u>	<u>3,351,851</u>
	<u>\$ 11,225,404</u>	<u>\$ 11,683,170</u>

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plan

The defined benefit plan adopted by the Corporation and its subsidiaries in the Republic of China, which is in accordance with the Labor Standards Law, is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to a specified percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plan were as follows:

	<u>December 31</u>	
	2019	2018
Present value of defined benefit obligation	\$ (1,109,834)	\$ (1,114,251)
Fair value of plan assets	<u>2,446,775</u>	<u>1,903,384</u>
	<u>\$ 1,336,941</u>	<u>\$ 789,133</u>

(Continued)

	December 31	
	2019	2018
Net defined benefit asset	<u>\$ 1,434,342</u>	<u>\$ 999,648</u>
Net defined benefit liability	<u>\$ 97,401</u>	<u>\$ 210,515</u>
		(Concluded)

Movements in net defined benefit asset were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2018	<u>\$ (1,125,032)</u>	<u>\$ 1,810,972</u>	<u>\$ 685,940</u>
Service costs			
Current service costs	(10,418)	-	(10,418)
Net interest income (expense)	<u>(12,730)</u>	<u>20,448</u>	<u>7,718</u>
Recognized in profit or loss	<u>(23,148)</u>	<u>20,448</u>	<u>(2,700)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	123,125	123,125
Actuarial loss - changes in demographic assumptions	(7,439)	-	(7,439)
Actuarial loss - changes in financial assumptions	(12,266)	-	(12,266)
Actuarial loss - experience adjustments	<u>(10,134)</u>	<u>-</u>	<u>(10,134)</u>
Recognized in other comprehensive income (loss)	<u>(29,839)</u>	<u>123,125</u>	<u>93,286</u>
Contributions from the employer	-	12,607	12,607
Benefits paid	<u>63,768</u>	<u>(63,768)</u>	<u>-</u>
Balance at December 31, 2018	<u>(1,114,251)</u>	<u>1,903,384</u>	<u>789,133</u>
Service costs			
Current service costs	(6,890)	-	(6,890)
Net interest income (expense)	<u>(11,212)</u>	<u>19,087</u>	<u>7,875</u>
Recognized in profit or loss	<u>(18,102)</u>	<u>19,087</u>	<u>985</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	451,400	451,400
Actuarial loss - changes in demographic assumptions	(967)	-	(967)
Actuarial loss - changes in financial assumptions	(31,822)	-	(31,822)
Actuarial loss - experience adjustments	<u>(15,721)</u>	<u>-</u>	<u>(15,721)</u>
Recognized in other comprehensive income (loss)	<u>(48,510)</u>	<u>451,400</u>	<u>402,890</u>
Contributions from the employer	-	143,905	143,905
Benefits paid	71,001	(71,001)	-
Others	<u>28</u>	<u>-</u>	<u>28</u>
Balance at December 31, 2019	<u>\$ (1,109,834)</u>	<u>\$ 2,446,775</u>	<u>\$ 1,336,941</u>

Through the defined benefit plan under the Labor Standards Law, the Group is exposed to the following risks:

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

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

	<u>December 31</u>	
	2019	2018
Discount rates	0.63%-0.88%	0.88%-1.25%
Long-term average rates of salary increase	1.50%-2.25%	1.50%-2.25%

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

	<u>December 31</u>	
	2019	2018
Discount rates		
0.25% increase	<u>\$ (22,965)</u>	<u>\$ (24,189)</u>
0.25% decrease	<u>\$ 23,716</u>	<u>\$ 25,012</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 22,955</u>	<u>\$ 24,290</u>
0.25% decrease	<u>\$ (22,346)</u>	<u>\$ (23,614)</u>

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

	<u>December 31</u>	
	2019	2018
The expected contributions to the plan for the next year	<u>\$ 12,600</u>	<u>\$ 13,121</u>
The average duration of the defined benefit obligation	7-13 years	7-14 years

23. EQUITY

a. Share capital

Ordinary shares

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

A holder of issued ordinary shares with par value of NT\$10 is entitled to the proportional rights to vote and to dividends. The authorized shares including ordinary shares and preference shares contain 60,000 thousand units retained for the exercise of employee share options.

The Corporation passed the resolution to distribute share dividends of \$3,575,593 thousand and \$4,240,509 thousand in the shareholders' meetings in June 2019 and June 2018, respectively, which were declared effective by the FSC. The subscription base dates were August 19, 2019 and August 1, 2018, respectively, as determined by the board of directors.

The Corporation's board of directors resolved to issue ordinary shares in the form of global depository shares for the purpose of investing in overseas subsidiaries and to repay borrowings. The transaction was approved by the FSC under letter No. 10703258531 which was issued on July 25, 2018. The Corporation issued 87,500 units at US\$6.27 per share on the Luxembourg Stock Exchange, which amounted to a total of US\$548,625 thousand in August 2018. One global depository share represents 5 ordinary shares, and the total global depository shares represent 437,500 thousand ordinary shares. All outstanding global depository shares were converted into ordinary shares as of December 31, 2018.

b. Preference shares

In June 2018, the Corporation's board of directors resolved to increase cash capital by issuing preference shares for the second time, which was approved by the FSC under letter dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 1070325853), and the record date of capital increase was determined as of December 13, 2018, it was expected to issue 200,000 thousand shares having a face value of \$10 per share at the issue price of NT\$50 per share, with 3.5% coupon per annum (based on a five-year term 0.9375% IRS interest rate + 2.5625% fixed interest rate). Five-year term IRS interest rate will be reset on the next business day of the expiry of the five-year period from the date of issue and every five years thereafter. The 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.

c. Capital surplus

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of shares	\$ 44,176,367	\$ 44,176,367
Conversion of bonds	1,520,632	1,520,632
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	466,784	466,755
Treasury share transactions	204,127	203,725
Donations	31,537	31,537
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	116,238	116,238
Forfeited share options	10,695	10,695
Dividends distributed by subsidiaries not yet received by shareholders	2,161	2,161
<u>May not be used for any purpose</u>		
Equity component of convertible bonds payable	1,308,070	1,308,070
Changes in interests in associates accounted for by using equity method	<u>179,336</u>	<u>61</u>
	<u>\$ 48,015,947</u>	<u>\$ 47,836,241</u>

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

d. Retained earnings and dividend policy

Under the dividend policy as set in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 24(c): Net Income - employees' compensation and remuneration of directors.

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

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

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

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

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

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 had been proposed by the Corporation’s board of directors on March 20, 2020. The appropriation and dividends per share were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 2,448,745	
Dividends on preference shares	350,000	<u>\$ 1.75</u>
Cash dividends on ordinary shares	13,644,048	<u>\$ 2.50</u>
Share dividends on ordinary shares	2,728,810	<u>\$ 0.50</u>

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

e. 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, and such special reserve of \$0 thousand and \$573 thousand was reversed for the years ended December 31, 2019 and 2018, respectively. The special reserve appropriated, due to currency translation adjustments for financial statements of foreign operations (including subsidiaries), shall be reversed based on the Corporation's disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence. There was no reversal for the years ended December 31, 2019 and 2018.

f. Other equity items

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ (5,037,221)	\$ (790,475)
Effect of changes in tax rate	-	1,861
Recognized during the year		
Exchange differences on translating foreign operations	(4,745,389)	(3,963,808)
Share of exchange differences of associates and joint ventures accounted for by using the equity method	<u>(1,877,651)</u>	<u>(284,799)</u>
Balance at December 31	<u>\$ (11,660,261)</u>	<u>\$ (5,037,221)</u>

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	<u>\$ 24,074,566</u>	<u>\$ 24,158,871</u>
Recognized during the year		
Unrealized gain - equity instruments	11,090,117	1,409,941
Share from associates accounted for using the equity method	230,433	(173,214)
Cumulative loss on disposal of equity instruments transferred to retained earnings	<u>-</u>	<u>(1,321,032)</u>
Other comprehensive income (loss) recognized in the year	<u>11,320,550</u>	<u>(84,305)</u>
Balance at December 31	<u>\$ 35,395,116</u>	<u>\$ (24,074,566)</u>

3) Cash flow hedges

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 1,109	\$ -
Loss on changes in the fair value of hedging instruments		
Exchange rate risk - spot exchange rate	(5,768)	-
Share of cash flow hedges of subsidiaries accounted for by using the equity method	(1,109)	1,109
Transferred to initial carrying amount of hedged items	<u>5,768</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 1,109</u>

g. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	2019	2018
Balance at January 1	\$ 15,837,946	\$ 16,315,377
Net income	1,244,009	1,463,250
Other comprehensive income in the period		
Effect of changes in tax rate	-	1,029
Exchange differences arising on translation of foreign operations	(46,714)	(9,681)
Unrealized gain on financial assets at FVTOCI	118,872	10,765
Loss on changes in fair value of hedging instruments	(3,846)	-
Remeasurement of defined benefit plan	(10,556)	(3,147)
Transferred to the initial carrying amount of hedged items	3,846	-
Changes in ownership interests of subsidiaries	26	22
Disposal or acquisitions of non-controlling interests in subsidiaries	(146,476)	285,387
Dividends paid by subsidiaries	(2,219,308)	(2,175,906)
Others	-	(49,150)
	<u> </u>	<u> </u>
Balance at December 31	<u>\$ 14,777,799</u>	<u>\$ 15,837,946</u>

h. Treasury shares

(In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	2019	2018
Number of shares at January 1	70	-
Increase during the period	8,000	6,000
Transferred to employees	<u>(70)</u>	<u>(5,930)</u>
	<u> </u>	<u> </u>
Number of shares at December 31	<u>8,000</u>	<u>70</u>

In February 2018, the Corporation's board of directors had resolved to buy back 6,000 thousand treasury shares for transferring to the employees, and they were fully executed in the same month. The average buy-back price per share was \$36.36 per share, and the record date of employees' subscription for the shares was September 10, 2018. The Corporation had transferred 5,930 thousand shares to employees at the price of \$30.3 per share as of December 31, 2018. The Corporation has transferred 70 thousand shares to employees at the price of \$30.3 per share from January 1 to December 31, 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 complete, and the average repurchase price was \$43.62, and the shares will be transferred to employees.

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

24. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by account		
Property, plant and equipment	\$ 6,190,037	\$ 6,106,642
Right-of-use assets	697,507	-
Investment properties	<u>21,943</u>	<u>22,885</u>
	<u>\$ 6,909,487</u>	<u>\$ 6,129,527</u>
An analysis of depreciation by function		
Operating costs	\$ 6,474,642	\$ 5,800,458
Operating expenses	433,989	326,120
Non-operating expenses	<u>856</u>	<u>2,949</u>
	<u>\$ 6,909,487</u>	<u>\$ 6,129,527</u>
An analysis of amortization of intangible assets by function		
Operating costs	\$ 379,676	\$ 335,904
Operating expenses	<u>50,602</u>	<u>51,290</u>
	<u>\$ 430,278</u>	<u>\$ 387,194</u>

b. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Retirement benefit plans		
Defined contribution plans	\$ 406,288	\$ 371,336
Defined benefit plan	<u>(985)</u>	<u>2,700</u>
	405,303	374,036
Share-based payments		
Equity-settled	826	45,448
Other employee benefits	<u>6,511,952</u>	<u>6,397,495</u>
Total of employee benefits expense	<u>\$ 6,918,081</u>	<u>\$ 6,816,979</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 5,086,005	\$ 4,903,918
Operating expenses	<u>1,832,076</u>	<u>1,913,061</u>
	<u>\$ 6,918,081</u>	<u>\$ 6,816,979</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. The total amount of employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which was approved by the Corporation's board of directors in March 2020 and March 2019 as follows:

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

For the year ended December 31, 2019, 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.

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

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

d. Finance costs

	<u>For the Year Ended December 31</u>	
	2019	2018
Interest on bank borrowings	\$ 1,219,949	\$ 2,184,331
Interest on corporate bonds	616,160	128,722
Interest on lease liabilities	43,430	-
Other finance costs	<u>319,579</u>	<u>147,249</u>
	<u>\$ 2,199,118</u>	<u>\$ 2,460,302</u>

Information about capitalized interest was as follows:

	<u>For the Year Ended December 31</u>	
	2019	2018
Capitalization amount of interest	<u>\$ 7,370</u>	<u>\$ 9,633</u>
Capitalization rate of interest	1.05%-1.10%	0.94%-1.79%

e. Other income

	For the Year Ended December 31	
	2019	2018
Government grants	\$ 207,856	\$ 142,075
Service fees of endorsement and warranty	30,284	77,952
Net gain on disposal of investment	181,349	-
Others	<u>837,086</u>	<u>664,621</u>
	<u>\$ 1,256,575</u>	<u>\$ 884,648</u>

f. Other expenses

	For the Year Ended December 31	
	2019	2018
Loss on work stoppages	\$ 131,561	\$ 147,687
Others	<u>269,866</u>	<u>26,718</u>
	<u>\$ 401,427</u>	<u>\$ 174,405</u>

25. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	\$ 7,055,361	\$ 6,773,548
Income tax on unappropriated earnings	16,129	3,158
Adjustments for prior years	<u>(296,503)</u>	<u>24,101</u>
	<u>6,774,987</u>	<u>6,800,807</u>
Deferred tax		
In respect of the current period	403,342	467,272
Effect of change of tax rate	<u>-</u>	<u>632,271</u>
	<u>403,342</u>	<u>1,099,543</u>
Income tax expense recognized in profit or loss	<u>\$ 7,178,329</u>	<u>\$ 7,900,350</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2019	2018
Income before income tax	<u>\$ 32,633,419</u>	<u>\$ 30,544,421</u>
Income tax expense at the statutory rate	\$ 6,526,683	\$ 6,108,884
Non-deductible expenses in determining taxable income	325,050	704,875
Tax-exempt income	(1,083,539)	(881,159)
Difference payable of basic tax	-	53,440
Unrecognized loss carryforwards and deductible temporary differences	555,622	391,076
Effect of changes of tax rate	-	632,271
Loss carryforwards utilized in the current year	(140,118)	(535,427)
Effects of different tax rate of subsidiaries operating in other jurisdictions	1,072,218	1,071,806
Income tax on unappropriated earnings	16,129	3,158
Adjustments for prior years	(296,503)	24,101
Others	<u>202,787</u>	<u>327,325</u>
Income tax expense recognized in profit or loss	<u>\$ 7,178,329</u>	<u>\$ 7,900,350</u>

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

In July 2019, the President of the ROC approved the announcement of the amendments to the Statute of Industrial Innovation, which stipulated that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in certain assets or technologies above a specific amount are allowed as deduction when computing the income tax on unappropriated earnings. The Group has already deducted the amount of capital expenditure from the unappropriated earnings in 2018 that was reinvested when calculating the tax on unappropriated earnings for the year ended December 2019.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
<u>Deferred tax</u>		
Effect of changes of tax rate	\$ -	\$ 7,761
Deferred tax in the current year		
Remeasurement on defined benefit plan	80,567	18,658
Difference of translation of foreign operations	<u>-</u>	<u>(2,189)</u>
	<u>\$ 80,567</u>	<u>\$ 24,230</u>

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable (included in other receivables)	<u>\$ 83,747</u>	<u>\$ 59,484</u>
Current tax liabilities		
Current income tax liabilities	<u>\$ 4,443,343</u>	<u>\$ 4,090,640</u>

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets (included in other non-current assets) and deferred income tax liabilities were as follows:

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
<u>Deferred income tax assets</u>					
Loss carryforwards	\$ 206,168	\$ 482	\$ -	\$ -	\$ 206,650
Allowance for impaired receivables	16,778	(11,364)	-	45	5,459
Defined benefit plan	47,100	(21,372)	3,681	-	29,409
Inventories	116,351	8,079	-	(2,277)	122,153
Others	<u>322,215</u>	<u>(50,057)</u>	<u>-</u>	<u>(4,766)</u>	<u>267,392</u>
	<u>\$ 708,612</u>	<u>\$ (74,232)</u>	<u>\$ 3681</u>	<u>\$ (6,998)</u>	<u>\$ 631,063</u>
<u>Deferred income tax liabilities</u>					
Land value increment tax	\$ 5,092,973	\$ -	\$ -	\$ -	\$ 5,092,973
Finance leases	3,308,698	(54,795)	-	-	3,253,903
Property, plant and equipment	1,305,545	112,094	-	(34,562)	1,383,077
Retained earnings from foreign subsidiaries	1,435,161	263,377	-	(116,016)	1,582,522
Defined benefit plan	176,920	3,171	84,248	-	264,339
Others	<u>6,857</u>	<u>5,263</u>	<u>-</u>	<u>-</u>	<u>12,120</u>
	<u>\$ 11,326,154</u>	<u>\$ 329,110</u>	<u>\$ 84,248</u>	<u>\$ (150,578)</u>	<u>\$ 11,588,934</u>

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
<u>Deferred income tax assets</u>					
Loss carryforwards	\$ 293,535	\$ (87,439)	\$ -	\$ 72	\$ 206,168
Allowance for impaired receivables	27,442	(10,454)	-	(210)	16,778
Defined benefit plan	50,336	(6,805)	3,569	-	47,100
Inventories	124,950	(7,256)	-	(1,343)	116,351
Others	<u>331,838</u>	<u>(3,919)</u>	<u>-</u>	<u>(5,704)</u>	<u>322,215</u>
	<u>\$ 828,101</u>	<u>\$ (115,873)</u>	<u>\$ 3,569</u>	<u>\$ (7,185)</u>	<u>\$ 708,612</u>
<u>Deferred income tax liabilities</u>					
Land value increment tax	\$ 5,092,973	\$ -	\$ -	\$ -	\$ 5,092,973
Finance leases	2,774,966	533,732	-	-	3,308,698
Property, plant and equipment	1,284,634	42,363	-	(21,452)	1,305,545
Retained earnings from foreign subsidiaries	1,103,010	395,651	(1,861)	(61,639)	1,435,161
Defined benefit plan	133,435	13,825	29,660	-	176,920
Others	<u>8,758</u>	<u>(1,901)</u>	<u>-</u>	<u>-</u>	<u>6,857</u>
	<u>\$ 10,397,776</u>	<u>\$ 983,670</u>	<u>\$ 27,799</u>	<u>\$ (83,091)</u>	<u>\$ 11,326,154</u>

e. Unrecognized deferred income tax assets in respect of loss carryforwards

	December 31	
	2019	2018
Loss carryforwards		
Expire in 2019	\$ -	\$ 865,273
Expire in 2020	695,628	943,916
Expire in 2021	912,336	927,744
Expire in 2022	576,744	940,752
Expire in 2023	879,616	874,482
Expire in 2024	585,895	539,929
Expire in 2025	1,355,332	1,398,105
Expire in 2026	44,891	71,204
Expire in 2027	796,124	796,124
Expire in 2028	10,004	10,004
Expire in 2029	<u>1,203,804</u>	<u>-</u>
	<u>\$ 7,060,374</u>	<u>\$ 7,367,533</u>

f. Unused loss carryforwards information

Loss carryforwards as of December 31, 2019 were comprised of:

Unused Amount	Expiry Year
\$ 695,628	2020
912,336	2021
576,744	2022
879,616	2023
585,895	2024
1,980,414	2025
437,641	2026
796,124	2027
10,004	2028
<u>1,219,224</u>	2029
<u>\$ 8,093,626</u>	

g. Unrecognized deferred income tax liabilities in respect of investments

As of December 31, 2019 and 2018, the taxable temporary differences in respect of investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$67,415,446 thousand and \$47,597,152 thousand, respectively.

h. Income tax assessments

The information of income tax assessments for the Group is as follows:

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

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2019	2018
Basic earnings per share	<u>\$ 4.43</u>	<u>\$ 4.08</u>
Diluted earnings per share	<u>\$ 4.25</u>	<u>\$ 4.08</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 year ended December 31, 2018 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 4.37</u>	<u>\$ 4.08</u>
Diluted earnings per share	<u>\$ 4.37</u>	<u>\$ 4.08</u>

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

	For the Year Ended December 31	
	2019	2018
Net income (Note)	\$ 24,192,862	\$ 21,180,821
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds	<u>227,570</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 24,420,432</u>	<u>\$ 21,180,821</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2019	2018
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in computation of basic earnings per share	5,461,212	5,188,788
Effect of potentially dilutive ordinary shares:		
Employees' compensation	2,368	2,129
Convertible bonds	<u>281,315</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>5,744,895</u>	<u>5,190,917</u> (Concluded)

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

If the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation 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. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2019

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

Acquirer	Taiwan Transport and Storage Corporation
Acquiree	Ta-Ho Maritime Corporation
Cash consideration paid	\$ (1,017)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>1,046</u>
Differences arising from equity transactions	<u>\$ 29</u>

Acquirer	Taiwan Transport and Storage Corporation
Acquiree	Ta-Ho Maritime Corporation

Line items adjusted for equity transactions

Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals \$ 29

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

For the year ended December 31, 2018

For the year ended December 31, 2018, the Group acquired a portion of the shares of Ta-Ho Maritime Corporation and E.G.C. Cement Corporation, and increased its proportionate ownership interests from 92.3% to 94% and 95% to 100%, respectively. For the year ended December 31, 2018, the Group disposed of a portion of the shares of Taiwan Prosperity Chemical Corporation, and decreased its proportionate ownership interests from 52.5% to 42.5%.

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

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

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

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

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

28. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	\$ 26,226,051	\$ 4,364,712	\$ (145,715)	\$ 30,445,048
Long-term borrowings (including expired within a year)	<u>26,555,918</u>	<u>5,711,550</u>	<u>(90,295)</u>	<u>32,177,173</u>
	<u>\$ 52,781,969</u>	<u>\$ 10,076,262</u>	<u>\$ (236,010)</u>	<u>\$ 62,622,221</u>

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	\$ 20,314,112	\$ 5,760,814	\$ 151,125	\$ 26,226,051
Long-term borrowings (including expired within a year)	<u>57,405,210</u>	<u>(32,291,778)</u>	<u>1,442,486</u>	<u>26,555,918</u>
	<u>\$ 77,719,322</u>	<u>\$ (26,530,964)</u>	<u>\$ 1,593,611</u>	<u>\$ 52,781,969</u>

29. 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.

30. FINANCIAL INSTRUMENTS

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

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	\$ 11,155,018	\$ -	\$ -	\$ 11,695,351	\$ 11,695,351

December 31, 2018

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

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

1) Fair value hierarchy

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>

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Domestic listed shares	\$ 220,787	\$ -	\$ -	\$ 220,787
Domestic emerging market shares	85,780	-	-	85,780
Mutual funds	<u>243,271</u>	<u>-</u>	<u>-</u>	<u>243,271</u>
	<u>\$ 549,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,838</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 6,282,884	\$ -	\$ -	\$ 6,282,884
Foreign listed shares	19,926,459	-	-	19,926,459
Domestic unlisted shares	-	-	5,865,710	5,865,710
Convertible preference shares	<u>-</u>	<u>-</u>	<u>51,375</u>	<u>51,375</u>
	<u>\$ 26,209,343</u>	<u>\$ -</u>	<u>\$ 5,917,085</u>	<u>\$ 32,126,428</u>
Financial liabilities at FVTPL				
Derivatives-put options and redemption options of convertible bonds payables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,460</u>	<u>\$ 139,460</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 Year Ended December 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	(54,457)
Recognized in other comprehensive income	1,113,577
Disposal	<u>(4,583)</u>
Balance at December 31, 2019	<u>\$ 6,971,622</u>
Financial assets at FVTPL	
Derivative instrument investment	
Balance at January 1, 2019 (included in Financial liabilities at FVTPL)	\$ (139,460)
Recognized in income	<u>140,695</u>
Balance at December 31, 2019	<u>\$ 1,235</u>

**For the Year
Ended
December 31,
2018**

Financial assets at FVTOCI	
Equity instruments	
Balance at January 1, 2018	\$ 5,497,046
Additions	292,469
Disposals	(1,333)
Recognized in other comprehensive income	393,185
Reclassification	(264,562)
Effect of exchange rate	<u>280</u>
Balance at December 31, 2018	<u>\$ 5,917,085</u>
Financial assets at FVTPL	
Derivative instruments	
Balance at January 1, 2018 (included in Financial liabilities at FVTPL)	\$ -
Additions	(159,222)
Recognized in income	<u>19,762</u>
Balance at December 31, 2018	<u>\$ (139,460)</u>

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

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. The historical volatility used was 14.67% and 29.22% on December 31, 2019 and 2018.

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.

	December 31	
	2019	2018
Comprehensive discount for lack of marketability and non-controlling interests	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:

	December 31	
	2019	2018
Comprehensive discount for lack of marketability and non-controlling interests		
1% increase	<u>\$ (25,400)</u>	<u>\$ (20,260)</u>
1% decrease	<u>\$ 25,400</u>	<u>\$ 20,260</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.

	December 31	
	2019	2018
Discount for lack of marketability	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:

	December 31	
	2019	2018
Discount for lack of marketability		
1% increase	<u>\$ (3,818)</u>	<u>\$ (4,810)</u>
1% decrease	<u>\$ 3,818</u>	<u>\$ 4,810</u>

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

	December 31	
	2019	2018
Discount rate	6.9%	7.9%
Dividend growth rate	1.4%	1.7%
Discount for lack of marketability	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:

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Discount for lack of marketability		
1% increase	<u>\$ (48,487)</u>	<u>\$ (39,745)</u>
1% decrease	<u>\$ 48,487</u>	<u>\$ 39,745</u>

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified financial assets at FVTPL	\$ 502,005	\$ 549,838
Financial assets measured at amortized cost (1)	130,255,654	121,810,291
Financial assets at FVTOCI		
Equity instrument investment	43,301,084	32,126,428
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trade	-	139,460
Financial liabilities measured at amortized cost (2)	134,650,780	124,930,847

- 1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables, other receivables-related parties (included in 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 payables, notes and accounts payables, other payables (including related parties), bonds payable, long-term loans (including current portion), and long-term notes payable.

d. Financial risk management objectives and policies

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

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

1) Market risk

The Group's financial instruments were mainly comprised of mutual funds and listed shares, and these investments were subject to fluctuations in market prices. The Group has 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 position and exchange rate fluctuations.

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

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

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 NTD/RMB/HKD strengthening 1% against the relevant currency.

	USD Impact		HKD Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2019	2018	2019	2018
NTD	\$ (10,034)	\$ (22,798)	\$ -	\$ -
RMB	\$ (9,835)	\$ (4,403)	\$ (433)	\$ (3,857)
HKD	\$ 41,219	\$ 75,681	\$ -	\$ -

b) Interest rate risk

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

	December 31	
	2019	2018
Cash flow interest rate risk		
Financial assets	\$ 25,276,394	\$ 21,245,130
Financial liabilities	62,622,221	52,781,969

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

For the Group's position 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 years ended December 31, 2019 and 2018 would increase/decrease by \$101,106 thousand and \$84,981 thousand, respectively.

For the Group's position 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 years ended December 31, 2019 and 2018 would increase/decrease by \$250,489 thousand and \$211,128 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed shares and emerging market shares. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. Sensitivity analyses were used for evaluating the exposure to equity price risks.

The sensitivity analyses were based on the exposure of equity price at the end of reporting period. If equity instruments/commodity prices of financial assets at FVTPL had been 5% higher/lower, profit or loss for the years ended December 31, 2019 and 2018 would increase/decrease by \$25,039 thousand and \$15,328 thousand, respectively. If equity instruments/commodity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the years ended December 31, 2019 and 2018 would increase/decrease by \$2,165,054 thousand and \$1,606,321 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 assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Group also required credit enhancements by bank guarantees or collateral for certain customers or in certain geographical locations.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings which were 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 December 31, 2019 and 2018, the amount of unused financing facilities was \$98,765,259 thousand and \$86,267,583 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.

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	-	5,880,000	311,100	38,335,877	13,836,000
	<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>

December 31, 2018

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

e. Transfers of financial assets

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

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face values of the transferred but unsettled bills receivable, and as of December 31, 2019 and December 31, 2018, the face values of these unsettled bills receivable were \$1,916,934 thousand and, \$2,906,763 thousand, respectively. The unsettled bills receivable will be due in 10 months and 9 months, after December 31, 2019 and December 31, 2018, respectively. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

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

31. 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 relationship

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.	Associates
Quon Hing Concrete Co., Ltd. (Quon Hing Concrete)	Associates
Prosperity Conch Cement Company Limited	Associates
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Baoshan Kungang & K. Wah Cement Construction Marterials Co., Ltd.	Associates
Hong Kong Concrete Co., Ltd.	Associates
E-ONE Moli Energy Corporation	Associates
International CSRC Investment Holdings Co., Ltd.	Associates
TCC Recycle Energy Technology Company	Associates
Cimpor Global Holding B.V.(Former name: Dutch OYAK TCC Holding 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	Management personnel in substance
FDC International Hotels Corporation	Management personnel in substance
Chia Hsin Property Management and Development Corp.	Management personnel in substance
Goldsun Development & Construction Co., Ltd. (Glodsun 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 Corp.	The Group acts as key management personnel

(Continued)

<u>Related Party</u>	<u>Relationship with the Group</u>
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
CSRC China (Maanshan) Corporation	Same key management personnel
CSRC China (Anshan) Corporation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd. (dissolved and closed in March 2019)	Same key management personnel
China (Chongqing) Corporation	Same key management personnel
Dr. Cecilla Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Continental Carbon India Ltd.	Same key management personnel
Linyuan Advanced Materials Technology Co., Ltd.	Same key management personnel
Fortune Quality investment Limited	Same key management personnel
Hualien County Ho-Ping Culture and Art Foundation	Same key management personnel
Sing Cheng Investment Co., Ltd.	Same key management personnel
Circular Commitment Company	Same key management personnel

(Concluded)

b. Operating transactions

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Sales</u>		
Management personnel in substance	\$ 480,709	\$ 516,859
Associates	469,015	437,139
The Group acts as key management personnel	212,002	197,581
Same key management personnel	165,703	51,032
Investors with significant influence over the Group	<u>148,286</u>	<u>81,973</u>
	<u>\$ 1,475,715</u>	<u>\$ 1,284,584</u>
<u>Purchases of goods and operating expenses</u>		
The Group acts as key management personnel	\$ 649,038	\$ 523,764
Same key management personnel	142,308	40,552
Associates	109,227	200,084
Others	<u>69,641</u>	<u>87,265</u>
	<u>\$ 970,214</u>	<u>\$ 851,665</u>

Notes receivable and accounts receivable from related parties as of December 31, 2019 and 2018 were as follows:

	December 31	
	2019	2018
Associates		
Quon Hing Concrete	\$ 73,503	\$ 34,651
Others	<u>23,733</u>	<u>18,406</u>
	<u>97,236</u>	<u>53,057</u>
Management personnel in substance		
Chia Hsin Cement	83,580	112,833
Others	<u>2,361</u>	<u>8,577</u>
	<u>85,941</u>	<u>121,410</u>
The Group acts as key management personnel		
China Hi-Ment	46,702	42,627
Others	<u>22,407</u>	<u>515</u>
	<u>69,109</u>	<u>43,142</u>
Investors with significant influence over the Group		
Goldsun Development & Construction	<u>31,978</u>	<u>40,887</u>
Same key management personnel	<u>15,736</u>	<u>13,122</u>
	<u>\$ 300,000</u>	<u>\$ 271,618</u>

Accounts payables from related parties (included in notes and accounts payable) as of December 31, 2019 and 2018 were as follows:

	December 31	
	2019	2018
The Group acts as key management personnel	\$ 141,757	\$ 164,614
Associates	11,536	10,720
Same key management personnel	7,056	13,949
Others	<u>2,067</u>	<u>5,837</u>
	<u>\$ 162,416</u>	<u>\$ 195,120</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)

	December 31	
	2019	2018
The Group acts as key management personnel		
Ta-Ho Taitung Environment	\$ 341,280	\$ -
Others	<u>4</u>	<u>-</u>
	<u>341,284</u>	<u>-</u>
Associates	46,205	20,633
Others	<u>1,317</u>	<u>3,467</u>
	<u>\$ 388,806</u>	<u>\$ 24,100</u>

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

d. Acquisitions of property, plant and equipment

Purchase Price	
For the Year Ended December 31	
2019	2018

Management personnel in substance Chia Hsin R.M.C.	\$ _____	\$ <u>25,000</u>
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e. Endorsements and guarantees

Endorsements and guarantees provided by the Group

December 31	
2019	2018

Subsidiary of associates - OYAK Cement Portugal S.A.		
Amount endorsed	\$ 2,998,000	\$ 3,071,500
Amount utilized	_____	_____
	<u>\$ 2,998,000</u>	<u>\$ 3,071,500</u>

f. Other payables to related parties (included in other payables)

December 31	
2019	2018

Associates	\$ 231,765	\$ 4,073
Management personnel in substance	<u>3,028</u>	<u>2,819</u>
	<u>\$ 234,793</u>	<u>\$ 6,892</u>

The interest expenses on the borrowings of loans from Cimpor Global Holdings B.V. were \$22,754 thousand for the year ended December 31, 2019, and related expenses had been repaid by December 31, 2019.

g. Lease arrangements

December 31	
2019	2018

Related Party Category

Acquisition of right-of-use assets

Management personnel in substance	\$ <u>51,767</u>	\$ _____
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December 31	
2019	2018

Line Item	Related Party Category	2019	2018
Lease liabilities	Management personnel in substance	<u>\$ 39,177</u>	<u>\$ _____</u>

Related Party Category	For the Year Ended December 31	
	2019	2018
<u>Interest expense</u>		
Management personnel in substance	\$ <u>432</u>	\$ <u>-</u>

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

h. Compensation of key management personnel

The compensation of directors and other key management personnel for the years ended December 31, 2019 and 2018 were as follows:

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 574,537	\$ 398,430
Post-employment benefits	5,649	14,765
Share-based payment	<u>826</u>	<u>-</u>
	<u>\$ 581,012</u>	<u>\$ 413,195</u>

32. 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:

	December 31	
	2019	2018
Financial assets at FVTOCI (including current and non-current portion)	\$ 320,460	\$ 251,090
Property, plant and equipment	3,684,804	4,146,933
Investment accounted for using the equity method	60,730	75,332
Investment properties	861,127	876,670
Finance lease receivables (included in current and non-current portion)	-	14,623,834
Pledged bank deposits (included in financial assets measured at amortized cost)		
Current	753,007	281,690
Non-current	<u>984,716</u>	<u>470,199</u>
	<u>\$ 6,664,844</u>	<u>\$ 20,725,748</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Name	December 31	
	2019	2018
The Corporation	\$ 155,377	\$ 388,405
Taiwan Prosperity Chemical Corporation	1,391,129	1,452,453
Ho-Ping Power Company	1,142,682	921,843

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

Name	December 31	
	2019	2018
The Corporation	\$ 22,120	\$ 22,120
Ho-Ping Power Company	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation	144,085	249,490
TCCI (Group)	1,175,222	248,924
Taiwan Transport & Storage Corporation	28,150	28,150

- 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 that Yunlin County Government shall pay Ta-Ho RSEA Environment Co., Ltd. \$1.5 billion before November 30, 2008 as a Phase I payment and the remainder as a Phase II payment in the aggregate amount of about \$1.44 billion (including \$1,387,000 thousand, US\$1,706 thousand and JPY307 thousand) before June 30, 2009, and Ta-Ho RSEA Environment Co., Ltd. shall transfer the assets under the BOO Agreement to the Yunlin County Government at the same time.
Amount in Dispute (NT\$)	About \$2.94 billion
Commencement Date of Litigation	The arbitration award was rendered on October 1, 2008.
Parties	Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government
Status	Ta-Ho RSEA Environment Co., Ltd. has applied for compulsory enforcement for the 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 ruled to dismiss 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. Ta-Ho RSEA Environment Co., Ltd. will discuss with the lawyers the advantages for further actions.

Company Name	Ta-Ho RSEA Environment Co., Ltd.
Factual background	<p>According to Article 10.5 of the “Build-Own-Operate Agreement for Waste Incineration Plant” (the “BOO Agreement”) entered into between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government, in the event that the 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 \$23,703 thousand from January 1, 2018 to December 31, 2019. The total amount is \$161,227 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 \$326 million.
Commencement date of litigation	Arbitration request has been applied on February 15, 2019.
Parties	Ta-Ho RSEA Environment Co., Ltd. and the Yunlin County Government
Status	Arbitral Tribunal had been established on May 22, 2019. On November 12, 2019, the third 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, which reduced the amount of the fine imposed on Ho-Ping Power Company to \$1,320,000 thousand.</p> <p>On June 30, 2015, the Supreme Administrative Court overruled the original judgment in favor of Ho-Ping Power Company and remanded the case for retrial to the Taipei High Administrative Court. On May 25, 2017, the Taipei High Administrative Court ruled in favor of Ho-Ping Power Company by holding 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 \$132,000 thousand as of December 31, 2018.</p>

Company Name	Ho-Ping Power Company
Factual Background	Taiwan Power Company filed a lawsuit against Ho-Ping Power Company at the Taipei High Administrative Court claiming for its losses of at least \$5.2 billion plus interest, which was then expanded to \$10.76 billion, and filed another civil litigation at the Taipei District Court claiming for \$5.5 billion.
Amount in Dispute (NT\$)	About \$16 billion in total
Commencement Date of Litigation	September 2015
Parties	Ho-Ping Power Company and Taiwan Power Company
Status	<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 Taiwan Power Company expanded the claim amount to \$10.76 billion. The Taiwan Taipei District Court has dismissed the plaintiff's (Taiwan Power Company) complaint on October 30, 2019 and Taiwan Power Company has filed an appeal subsequently 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 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 is 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 of RMB128,000 on November 12, 2019, and signed the contract on November 22, 2019. As of December 31, 2019, it has not been executed.

34. 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:

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<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
USD	28,284	7.790 (USD:HKD)	848,072
HKD	206,605	0.893 (HKD:RMB)	<u>749,930</u>
			<u>\$ 5,006,837</u>
Non-monetary items			
USD	81,522	6.955 (USD:RMB)	\$ 2,444,028
EUR	828,607	33.590 (EUR:NTD)	<u>27,832,897</u>
			<u>\$ 30,276,925</u>
<u>Financial liabilities</u>			
Monetary items			
USD	30,862	29.980 (USD:NTD)	\$ 925,251
USD	200,122	7.790 (USD:HKD)	6,000,400
HKD	180,770	0.893 (HKD:RMB)	<u>695,784</u>
			<u>\$ 7,621,435</u>

December 31, 2018

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

(Continued)

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

The realized and unrealized foreign exchange gains and losses were net losses of \$(15,399) thousand and net gains of \$48,764 thousand for the years ended December 31, 2019 and 2018, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the group entities.

35. 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 or disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the share capital (Table 5)
- 6) Disposals 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 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 7)
- 9) Trading in derivative instruments (Notes 7, 20 and 30)
- 10) Intercompany relationships and significant intercompany transactions (Table 10)
- 11) Information on investees (Table 8)

b. Information on investments in mainland China (Table 9)

- 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 year, 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 year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - 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 year and the purposes.
 - e) The highest balance during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

36. 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 Group 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.

a. Segments revenue and results

	<u>Segment Revenue</u>		<u>Segment Income</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	2019	2018	2019	2018
Cement segment	\$ 94,034,107	\$ 92,541,640	\$ 23,187,626	\$ 23,061,797
Chemical engineering segment	10,370,301	15,280,144	(1,190,414)	471,534
Electricity segment	14,462,245	12,784,465	7,963,687	4,420,459
Other segments	<u>3,916,361</u>	<u>3,988,353</u>	<u>441,254</u>	<u>442,199</u>
	<u>\$ 122,783,014</u>	<u>\$ 124,594,602</u>	30,402,153	28,395,989
Share of profits of associates and joint ventures			2,509,388	2,263,413
Dividend income			1,448,451	1,326,142
Interest income			815,805	584,482
Loss on disposal of property			(162,793)	(78,190)
Impairment loss recognized on non-financial assets			(774,784)	(31,032)
Administrative costs and director's remuneration			(245,432)	(215,088)
Finance costs			(2,199,118)	(2,460,302)
Foreign exchange losses, net			(15,399)	48,764
Net gain on financial assets and liabilities at fair value through profit and loss			179,256	19,306
Other income and expenses, net			<u>675,892</u>	<u>690,937</u>
Income before income tax			<u>\$ 32,633,419</u>	<u>\$ 30,544,421</u>

Segment income represented profit before tax earned by each segment without allocation of central administration costs, director's remuneration, share of profits of associates and joint ventures, dividend income, interest income, loss on disposal of property, impairment loss recognized on non-financial assets, finance costs, foreign exchange gains and losses, net gain on financial assets and liabilities at fair value through profit and loss and income tax expense.

b. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	<u>Revenue from External Customers</u>		<u>Non-current Assets</u>	
	<u>For the Year Ended December 31</u>		<u>December 31</u>	
	2019	2018	2019	2018
Taiwan	\$ 49,351,277	\$ 49,982,370	\$ 61,987,820	\$ 56,929,127
Asia	<u>73,431,737</u>	<u>74,612,232</u>	<u>72,338,311</u>	<u>71,818,823</u>
	<u>\$ 122,783,014</u>	<u>\$ 124,594,602</u>	<u>\$ 134,326,131</u>	<u>\$ 128,747,950</u>

Non-current assets exclude financial instruments, deferred income tax assets, and net defined benefit asset.

c. Information about major customers

The only single customer who contributed 10% or more to the Group's revenue was as follows:

	<u>For the Year Ended December 31</u>	
	2019	2018
Taiwan Power Company	<u>\$ 14,402,352</u>	<u>\$ 12,777,360</u>

37. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. The Corporation passed the resolution to issue unsecured bonds in the board of directors' meeting in February 2020, and the total issuance amount will not exceed \$30 billion. The unsecured bonds will be issued in one or several installments subject to the market conditions.
- b. On March 20, 2020, the Corporation has resolved to purchase its ordinary shares at a price between NT\$25.90 and NT\$61.95 per share and with \$495,600 thousand as the upper limit of the total amount of shares to be repurchased from the centralized securities trading market. The Corporation expects to repurchase 8,000 thousand shares.
- c. 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 with a total investment amount of approximately \$1.858 billion on January 21, 2020.
- d. On March 20, 2020, the boards of directors of the Corporation and the subsidiary, TCC (Guigang) Cement Limited have resolved that TCC (Guigang) Cement Limited will invest to set up a new Mainland China subsidiary in Hangzhou Jiande for overseas investment in order to cooperate with the group's global layout plan. The total investment is expected to be RMB1.75 billion.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	\$ 91,000	1.51	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	1.51	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	330,000	330,000	1.58	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	1.54	The need for short-term financing	-	Operating capital	-		-	300,323	300,323	
4	TCC Green Energy Corporation	TCC Kao-Cheng Green Energy Corporation	Other receivables - related parties	Yes	5,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,245,151	1,245,151	
		TCC LIEN-HSIN Green Energy Corporation	Other receivables - related parties	Yes	5,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,245,151	1,245,151	
5	TCCI	TCCIH	Other receivables - related parties	Yes	3,792,000	3,597,600	1,648,900	3.09	The need for short-term financing	-	Operating capital	-		-	103,716,200	207,432,400	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	945,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	15,187,762	30,375,524	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	1,074,509	982,881	982,881	3.05	The need for short-term financing	-	Operating capital	-		-	15,187,762	30,375,524	
7	TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	1,357,275	1,241,533	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	306,329	280,207	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	1,319,573	1,207,046	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	706,914	646,632	387,979	3.48	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
8	TCC Yingde Cement Co., Ltd.	TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Other receivables - related parties	Yes	1,295,364	1,224,290	1,224,290	3.48	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	235,638	215,544	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	235,638	215,544	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC (Dong Guan) Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC Chongqing Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	706,914	646,632	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	848,297	775,958	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	

(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 Anshun Cement Company Limited	Other receivables - related parties	Yes	\$ 942,552	\$ 862,176	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 25,127,335	\$ 50,254,670	
		TCC Guangan Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	43,109	3.48	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	133,637	3.48	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC Liaoning Cement Company Limited.	Other receivables - related parties	Yes	235,638	215,544	172,435	3.48	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC Shaoguan Cement Co., Ltd.	Other receivables - related parties	Yes	349,170	319,395	319,395	3.48	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
9	TCC Fuzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	235,638	215,544	-	-	The need for short-term financing	-	Operating capital	-		-	943,877	2,831,631	
		TCC New (Hangzhou) Management Company Limited.	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	943,877	2,831,631	
		TCC Liaoning Cement Company Limited.	Other receivables - related parties	Yes	329,893	301,762	129,326	3.48	The need for short-term financing	-	Operating capital	-		-	943,877	2,831,631	
10	TCCIH	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	251,205	237,067	237,067	-	The need for short-term financing	-	Operating capital	-		-	128,873,427	257,746,854	
11	Prime York Ltd.	Upper Value Investment Limited	Other receivables - related parties	Yes	205,428	196,299	196,299	-	The need for short-term financing	-	Operating capital	-		-	3,016,104	6,032,208	
12	Jurong TCC Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Guangan Cemen Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	706,914	646,632	-	-	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Chongqing Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Huaihua Concrete Company Limited	Other receivables - related parties	Yes	141,383	129,326	34,487	3.48	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	329,893	301,762	94,839	3.48	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	329,893	301,762	280,207	3.48	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	1,413,828	1,293,264	1,228,601	3.48	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
13	TCC Anshun Cement Company Limited.	Anshun Xin Tai Construction Materials Company Limited	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	-	-	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	-	-	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	-	-	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		TCC Chongqing Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	282,766	258,653	237,098	3.48	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	706,914	646,632	646,632	3.48	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
14	TCC Guangan Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	4,742,171	9,484,342	
		TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	4,742,171	9,484,342	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	86,218	3.48	The need for short-term financing	-	Operating capital	-		-	4,742,171	9,484,342	

(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			
15	TCCI Development Ltd	TCCIH	Other receivables - related parties	Yes	\$ 292,073	\$ 280,977	\$ 280,977	2.23	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 644,250	\$ 644,250	
16	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	63,167	60,360	60,360	-	The need for short-term financing	-	Operating capital	-		-	3,771,331	7,542,662	
17	TCC Chongqing Cement Company Limited.	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	117,819	107,772	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	141,383	129,326	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	235,638	215,544	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	235,638	215,544	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		TCC Guangan Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	43,109	3.48	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	706,914	646,632	529,807	3.48	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
18	TCC New (Hangzhou) Management Company Limited.	Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	37,702	34,487	-	-	The need for short-term financing	-	Operating capital	-		-	519,600	1,039,200	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	292,191	267,275	181,057	3.48	The need for short-term financing	-	Operating capital	-		-	519,600	1,039,200	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	259,202	237,098	189,679	3.48	The need for short-term financing	-	Operating capital	-		-	519,600	1,039,200	
19	Prosperity Minerals (China) Limited	TCC New (Hangzhou) Management Company Limited.	Other receivables - related parties	Yes	375,827	343,779	343,779	-	The need for short-term financing	-	Operating capital	-		-	934,136	1,868,272	
20	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	-	-	The need for short-term financing	-	Operating capital	-		-	621,455	1,242,911	
21	Ta-Ho Taitung Environment Co., Ltd.	Onyx Ta-Ho Energy Recovery Co., Ltd.	Other receivables - related parties	Yes	118,800	-	-	-	The need for short-term financing	-	Operating capital	-		-	136,512	136,512	
22	Hong Kong Cement Co. Ltd	TCCIH	Other receivables - related parties	Yes	514,209	496,649	496,649	2.16	The need for short-term financing	-	Operating capital	-		-	876,765	1,753,530	
23	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Kaili TCC Environment Technology Co., Ltd.	Other receivables - related parties	Yes	172,435	172,435	-	-	The need for short-term financing	-	Operating capital	-		-	3,722,084	7,444,168	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	86,218	3.48	The need for short-term financing	-	Operating capital	-		-	3,722,084	7,444,168	
24	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	2,879,697	5,759,394	
25	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	2,874,737	5,749,474	

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

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

- 1) 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.
- 2) 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.
- 3) 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 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 YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	Jin Chang Minerals Corporation	b	\$ 96,842,034	\$ 68,848	\$ 68,848	\$ 39,814	\$ 39,814	0.04	\$ 193,684,068	Y	N	N	
		Ho Sheng Mining Co., Ltd.	b	96,842,034	99,884	99,884	99,884	99,884	0.05	193,684,068	Y	N	N	
		Union Cement Traders Inc.	b	96,842,034	1,420,000	1,420,000	900,000	-	0.73	193,684,068	Y	N	N	
		TCC Chemical Corporation	b	96,842,034	1,499,117	1,499,117	499,117	-	0.77	193,684,068	Y	N	N	
		TCC Investment Corporation	b	96,842,034	2,570,000	2,570,000	1,840,000	-	1.33	193,684,068	Y	N	N	
		TCCI	b	96,842,034	29,735,600	28,211,180	2,038,640	-	14.57	193,684,068	Y	N	N	
		OYAK CEMENT PORTUGAL S.A.	f	96,842,034	3,160,000	2,998,000	-	-	1.55	193,684,068	N	N	N	
1	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	c	711,398	137,462	137,462	137,462	-	57.97	711,398	N	Y	N	
2	TCC Green Energy Corporation	TCC Chemical Corporation	a	3,112,879	6,117	6,117	6,117	-	0.20	3,112,879	N	N	N	
3	TCCIH	Scitus Luzhou Cement Co., Ltd.	b	64,436,714	948,000	-	-	-	-	128,873,427	Y	N	Y	
		TCC Fuzhou Cement Co., Ltd.	b	64,436,714	1,245,803	1,149,240	-	-	0.89	128,873,427	Y	N	Y	
		TCC Anshun Cement Company Limited	b	64,436,714	706,914	646,632	-	-	0.50	128,873,427	Y	N	Y	
		TCC Liaoning Cement Company Limited	b	64,436,714	943,914	871,482	-	-	0.68	128,873,427	Y	N	Y	
		Guizhou Kong On Cement Company Limited	b	64,436,714	319,160	302,798	-	-	0.23	128,873,427	Y	N	Y	
		TCC Guangan Cement Company Ltd.	b	64,436,714	12,109,041	8,187,912	2,028,891	-	6.35	128,873,427	Y	N	Y	
		TCC Chongqing Cement Company Limited	b	64,436,714	1,913,571	1,779,408	-	-	1.38	128,873,427	Y	N	Y	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	b	64,436,714	632,000	599,600	-	-	0.47	128,873,427	Y	N	Y	
		Jurong TCC Cement Co., Ltd.	b	64,436,714	3,436,309	2,790,730	-	-	2.17	128,873,427	Y	N	Y	
TCC Yingde Cement Co., Ltd.	b	64,436,714	2,774,372	2,257,332	-	-	1.75	128,873,427	Y	N	Y			

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

- a. 1) For endorsements/guarantees given by Taiwan Cement Corporation due to business transactions, the amount of endorsement/guarantee should not exceed 50% of the business transaction amounts in the previous year.
- 2) Except for i, the aggregate endorsements/guarantees given by Taiwan Cement Corporation should not exceed the net equity in its latest financial statements; for individual companies, it should not exceed 50% of the net equity in its latest financial statements.
- b. Ho Sheng Mining Co., Ltd. is guaranteed by land use lease agreements.
- c. Jin Chang Minerals Corporation is guaranteed by deposit contracts.

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

(Continued)

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	<u>Ordinary shares</u>							
	Chien Kuo Construction Co., Ltd.	-	FVTPL - current	7,522	\$ 80,864	-	\$ 80,864	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	96,909	-	96,909	
	Chinatrust Financial Holding Co., Ltd.	-	FVTPL - current	3,576	80,094	-	80,094	
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	30,196	1,518,867	-	1,518,867	
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	62,421	905,098	-	905,098	
	CTCI Corporation	-	FVTOCI - current	9,054	344,971	-	344,971	
	Chia Hsin Cement Corporation	Directors	FVTOCI - current	27,419	612,824	-	612,824	
	O-Bank	The Corporation serves as director	FVTOCI - current	29,719	232,105	-	232,105	
	IBT II Venture Capital Corporation	-	FVTOCI - non-current	2,626	14,510	8.3	14,510	
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	FVTOCI - non-current	3,390	14,713	4.0	14,713	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	29,553	1,174,715	9.4	1,174,715	
	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	4,121,823	6.6	4,121,823	
	Excel Corporation	-	FVTOCI - non-current	600	-	9.5	-	
		<u>Preference shares</u>						
	O-Bank	The Corporation serves as director	FVTOCI - current	2,956	31,332	-	31,332	
Taiwan Transport & Storage Corporation	<u>Ordinary shares</u>							
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,632	192,915	-	192,915	
TCC Investment Corporation	<u>Ordinary shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	21,934	171,304	-	171,304	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	11,941	173,138	-	173,138	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,334	186,262	-	186,262	7,000 thousand shares were pledged
	China Conch Venture Holdings Limited	-	FVTOCI - non-current	28,000	3,664,248	-	3,664,248	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,884	432,633	3.5	432,633	
	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	23,125	-	23,125	
Ta-Ho Maritime Corporation	<u>Ordinary shares</u>							
	Prosperity Dielectrics Co., Ltd.	-	FVTPL - current	951	67,630	-	67,630	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	575,764	-	575,764	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	6,612	262,814	2.1	262,814	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Engineering Corporation	<u>Beneficiary certificates</u> Capital Money Market Fund	-	FVTPL - current	2,930	\$ 47,456	-	\$ 47,456	
TCC Chemical Corporation	<u>Ordinary shares</u> Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,757	235,358	-	235,358	
Taiwan Prosperity Chemical Corporation	<u>Ordinary shares</u> Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	78,462	1,137,697	-	1,137,697	
Hoping Industrial Port Corporation	<u>Ordinary shares</u> Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	415,137	3.3	415,137	
E.G.C. Cement Corporation	<u>Beneficiary certificates</u> Nomura Taiwan Money Market UPAMC James Bond Money Market Fund Tai Shin 1699 Money Market Fund	- - -	FVTPL - current FVTPL - current FVTPL - current	4,117 1,503 2,588	67,437 25,221 35,159	- - -	67,437 25,221 35,159	
	<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. CTCI Corporation Chia Hsin Cement Corporation Videoland Inc.	- - Director of parent company -	FVTOCI - current FVTOCI - current FVTOCI - current FVTOCI - non-current	27,574 13,365 7,441 6,437	399,818 509,219 166,306 290,909	- - - 5.6	399,818 509,219 166,306 290,909	
TCCI (Group)	<u>Ordinary shares</u> Anhui Conch Cement Co., Ltd. Yargoan Co., Ltd.	- -	FVTOCI - non-current FVTOCI - non-current	116,568 19	25,484,469 -	- 12.5	25,484,469 -	

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: See Tables 8 and 9 for the information of investments in subsidiaries, associates and joint ventures.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustment (Note 1)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain/Loss on Disposal (Note 4)		Shares/Units (In Thousands)	Amount
Taiwan Cement Corporation	Shares E-ONE Moli Energy Corporation	Investments accounted for using the equity method	-	Associates	48,127	\$ 523,197	50,313	\$ 503,133	98,440 (Note 2)	\$ -	\$ 1,006,394	\$ -	\$ (19,936)	-	\$ -
Taiwan Cement Corporation	TCC Recycle Energy Technology Company	Investments accounted for using the equity method	-	Associates	-	-	117,364	1,347,594 (Note 3)	-	-	-	-	(54,119)	117,364	1,293,475
Taiwan Cement Corporation	Ta-Ho Taitung Environment (Note 4)	Investments accounted for using the equity method	-	The Group acts as key management personnel	37,100	297,188	-	-	37,100	341,280	341,280	-	44,092	-	-
Taiwan Cement Corporation	TCC Green Energy Corporation	Investments accounted for using the equity method	-	Subsidiaries	150,897	1,529,333	170,000	1,700,000 (Note 5)	-	-	-	-	(65,302)	320,899	3,164,031
Ta-Ho Maritime Holdings	THC International S.A.	Investments accounted for using the equity method	-	Subsidiaries	2,010	2,638,664	28,300	874,753 (Note 6)	-	-	-	-	(42,812)	30,310	3,470,605
TCC Green Energy Corporation	Chang-Wang Wind Power Co., Ltd.	Investments accounted for using the equity method	-	Subsidiaries	12,000	119,670	60,000	600,000 (Note 7)	-	-	-	-	(47,128)	72,000	672,542
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation	Investments accounted for using the equity method	-	Subsidiaries	20,200	173,817	55,000	550,000 (Note 7)	-	-	-	-	(15,050)	75,200	708,767

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

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

Note 3: In the fourth quarter of 2019, the Corporation chose to fully convert the ordinary shares of E-ONE Moli Energy Corp. into the preferred shares A of TCC Recycling Energy Company, and converted the preferred shares into ordinary shares at the ratio of 1:1 in accordance with the terms conditions for the issuance of preferred shares.

Note 4: Ta-Ho Taitung Environment were in the process of liquidation in December 2019.

Note 5: In November 2019, Taiwan Cement Corporation increased its investment in the capital of TCC Green Energy Corporation.

Note 6: In July 2019, the board of directors of Ta-Ho Maritime Holdings resolved to increase its capital investment of THC International S.A.

Note 7: TCC Green Energy Corporation successively increased its investment in the capital of Chang-Wang Wind Power Co., Ltd. and TCC Chia-Chien Green Energy Corporation during 2019.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Taiwan Cement Corporation	Ready mixed concrete plant and its land in Hsinchu	2019.11.12	\$ 421,971	By negotiation and paid in progress	Han-Song Gravel Processing Industrial Corporation Limited and Individual	Neither are related-parties	-	-	-	\$ -	Negotiate according to the appraised result made by Great Eastern Real Estate Appraiser Office	Expand operating position	None

Note: Part of the payment for the above transaction was paid in February 2020.

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 YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Director of the Corporation	Sales	\$ (463,073)	(2)	65 days after the day delivery was made	\$ -	-	\$ 83,580	16	
	Goldsun Development & Construction Co., Ltd. HKCCL	Investors with significant influence over the Group Subsidiary	Sales	(148,286)	(1)	70 days	-	-	31,978	6	
			Sales	(313,812)	(2)	65 days after the day shipment was made	-	-	63,529	12	(Note 2)
	Feng Shang Enterprise Company Limited	Subsidiary	Sales	(449,485)	(2)	30 days	-	-	123,566	24	(Note 2)
			Purchases	230,190	1	30 days	-	-	(16,121)	(2)	(Note 2)
	TCCIH	Subsidiary	Service revenue	(456,320)	(2)	By contract	-	-	37,079	7	(Note 2)
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	539,481	3	30 days	-	-	(63,273)	(14)	(Note 2)
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	647,243	4	60 days	-	-	(141,757)	(20)	
			Sales	(134,212)	(1)	60 days	-	-	42,585	8	
	Hoping Industrial Port Corporation	Subsidiary	Purchases	507,458	3	20 days	-	-	(29,017)	(4)	(Note 2)
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	1,414,140	8	30 days	-	-	(264,694)	(37)	(Note 2)
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	248,324	1	By contract	-	-	(66,986)	(9)	(Note 2)
	E.G.C. Cement Corporation	Subsidiary	Sales	(433,388)	(2)	50 days after the day delivery was made	-	-	99,885	19	(Note 2)
	Jin Chang Minerals Corporation	Subsidiary	Purchases	413,373	2	30 days	-	-	(3,238)	-	(Note 2)
Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	587,699	3	30 days	-	-	(102,207)	(14)	(Note 2)	
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(413,373)	(100)	30 days	-	-	3,238	100	(Note 2)
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(587,699)	(91)	30 days	-	-	102,207	99	(Note 2)
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(248,324)	(18)	By contract	-	-	66,986	87	(Note 2)
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	433,388	100	50 days after the day delivery was made	-	-	(99,885)	(100)	(Note 2)

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	\$ 1,114,272	16	20 days	\$ -	-	\$ (97,104)	(49)	(Note 2)
	HPC Power Service Corporation	The same parent company	Purchases	472,539	7	By contract	-	-	(95,500)	(49)	(Note 2)
Hoping Industrial Port Corporation	Ho-Ping Power Company	The same parent company	Sales	(1,114,272)	(68)	20 days	-	-	97,104	75	(Note 2)
	Taiwan Cement Corporation	Parent company	Sales	(507,458)	(31)	20 days	-	-	29,017	23	(Note 2)
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	194,833	78	30 days	-	-	(17,363)	(86)	(Note 2)
Feng Shang Enterprise Company Limited	Taiwan Cement Corporation	Parent company	Sales	(230,190)	(8)	30 days	-	-	16,121	100	(Note 2)
			Purchases	449,485	16	30 days	-	-	(123,566)	(100)	(Note 2)
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(539,481)	(40)	30 days	-	-	63,273	53	(Note 2)
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(206,997)	(15)	By contract	-	-	23,458	20	(Note 2)
	Hoping Industrial Port Corporation	The same parent company	Sales	(194,833)	(14)	30 days	-	-	17,363	15	(Note 2)
	Linyuan Advanced Materials Technology Co., Ltd.	The same chairman	Sales	(133,365)	(10)	30 days	-	-	13,385	11	
Taiwan Prosperity Chemical Corporation	Taiwan Transport & Storage Corporation	The same parent company	Purchases	206,997	2	By contract	-	-	(23,458)	(30)	(Note 2)
	Linyuan Advanced Materials Technology Co., Ltd.	The same chairman	Purchases	130,308	1	15 days	-	-	(7,057)	(1)	
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(472,539)	(100)	By contract	-	-	95,500	100	(Note 2)
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Freight revenue	(1,414,140)	(48)	30 days	-	-	264,694	100	(Note 2)
	THC International S.A	Subsidiary	Rental expense	197,061	8	By negotiation	-	-	(29,506)	(89)	(Note 2)
THC International S.A	Ta-Ho Maritime Corporation	Parent company	Rental revenue	(197,061)	(68)	By negotiation	-	-	29,506	100	(Note 2)
HKCCL	Quon Hing Concrete. Ltd.	Associates	Sales	(297,123)	(58)	By negotiation	-	-	75,336	64	
	Taiwan Cement Corporation	Parent company	Purchases	313,812	85	65 days after the day shipment was made	-	-	(63,529)	(98)	(Note 2)
TCC (Guigang) Cement Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	481,798	6	By negotiation	-	-	(176,734)	(39)	(Note 2)
	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	475,715	6	By negotiation	-	-	(131,813)	(29)	(Note 2)
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	307,411	4	By negotiation	-	-	(113,547)	(7)	(Note 2)

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	\$ (475,715)	(94)	By negotiation	\$ -	-	\$ 131,252	100	(Note 2)
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(481,798)	(35)	By negotiation	-	-	176,734	60	(Note 2)
	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(307,411)	(23)	By negotiation	-	-	113,547	38	(Note 2)
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	456,320	100	By contract	-	-	(37,079)	(99)	(Note 2)
Yingde Dragon Mountain Cement Co., Ltd.	Prosperity Conch Cement Company Limited	Associates	Purchases	108,753	2	By negotiation	-	-	(11,792)	(3)	

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note 2)	Parent company	\$ 264,694	4.4	\$ -	-	\$ 264,493	\$ -
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation (Note 2)	Parent company	102,207	8.7	-	-	102,207	-
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd. (Note 2)	The same ultimate parent company	176,734	4.2	-	-	176,734	-
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd. (Note 2)	The same ultimate parent company	131,252	4.4	-	-	131,252	-
Guigang Da-Ho Shipping Co., Ltd.	TCC Yingde Cement Co., Ltd. (Note 2)	The same ultimate parent company	113,547	3.6	-	-	111,600	-
Taiwan Cement Corporation	Feng Sheng Enterprise Company (Note 2)	Subsidiary	123,566	4.1	-	-	119,443	-
Taiwan Cement Corporation	Ta-Ho Taitung Environment Co., Ltd.	Parent company has significant influence	341,280	(Note 1)	-	-	-	-

Note 1: At the end of December 2019, Ta-Ho Taitung Environment Co., Ltd. was in the process of liquidation, and other receivables from related parties are 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 YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 33,774,761	\$ 33,774,761	1,100,876	100.00	\$ 103,716,200	\$ 12,714,156	\$ 12,714,156	Note 1
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	805,940	59.50	17,378,914	5,535,574	3,293,666	Note 1
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,703,414	769,344	769,319	Note 1
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	130,514	64.79	2,575,734	369,852	239,617	Note 1
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	992,173	992,173	116,791	40.00	658,029	(2,013,070)	(805,235)	Note 1
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,965,859	188,977	158,449	Note 1
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	107,355	100.00	4,451,678	112,619	112,618	Note 1
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining excavation	1,414,358	1,414,358	30,100	100.00	1,181,433	112,015	112,016	Note 1
	CCC USA Corp.	U.S.A.	Rubber raw materials	1,284,421	1,284,421	79	33.33	1,724,538	437,008	145,669	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	732,796	20,400	21,586	Note 1
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	30,176	50.00	818,277	791,400	395,701	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	450,426	88,233	84,076	Note 1
	Feng Sheng Enterprise Company Limited	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	362,317	72,874	33,110	Note 1
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	1,510,842	240,000	100.00	1,255,735	73,325	270,481	Note 1
	Ta-Ho Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	-	-	-	44,092	44,092	Liquidation process was in progress
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	238,516	10,734	10,665	Note 1
	Ta-Ho RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	193,848	(9,885)	(6,583)	Note 1
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	378,032	73,785	62,462	Note 1
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	3,146,046	1,446,046	320,899	100.00	3,164,031	(65,302)	(65,302)	Note 1
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	178,884	40,299	40,299	Note 1
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	113,640	190,711	114,427	Note 1
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	112,235	24,863	12,592	Note 1
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,881	237	59	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,311	(42)	(41)	Note 1
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	Note 1
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	Note 1
	TCCIH	Cayman Islands	Investment holding	40,701,671	40,701,671	2,581,832	38.28	49,332,748	18,186,515	6,961,798	Note 1
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	-	481,811	-	-	-	(425,691)	(18,472)	Note 2
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	3,563,397	3,563,397	153,477	15.59	5,112,794	1,027,770	160,185	
	Taiwan Cement Dutch	Netherlands	Investment holding	29,470,972	29,470,972	831	100.00	27,952,597	(54,395)	(54,395)	Note 1
TCCMOLI	Singapore	Investment holding	1,239	-	30	100.00	713	193	193	Note 1	
TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	1,190,225	-	117,364	18.19	1,293,475	(299,195)	(53,661)	Note 2	
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	301,524	300,507	58,836	29.21	1,161,144	369,852	107,949	Note 1
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	136,476	7,857	49.36	138,760	24,863	12,271	Note 1
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	-	87,463	-	-	-	(4,439)	(551)	Liquidation process was in progress
	Tai-Jie Transport & Storage Corporation	Taiwan	Transportation	25,000	-	2,500	100.00	25,874	874	874	Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Shares/Units (In Thousands)	%	Carrying Amount			
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	\$ 219,450	\$ 219,450	21,945	100.00	\$ 856,677	\$ 28,768	\$ 28,768	Note 1
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	6,773	0.50	142,574	5,535,574	27,678	Note 1
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	10,528	658	0.23	3,707	(2,013,070)	(4,537)	Note 1
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	38	0.02	745	369,852	69	Note 1
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	-	172,648	-	-	-	(425,691)	(6,935)	Note 2
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	388,079	387,920	22,009	2.23	726,789	1,027,770	22,929	
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	312,833	-	31,860	4.94	220,002	(299,195)	(14,435)	Note 2
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	325,995	325,995	10,300	100.00	4,272,640	190,974	190,974	Note 1
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	-	30,952	-	-	-	(6,150)	(206)	Liquidation process was in progress
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	-	7,943	-	-	-	(4,439)	(51)	Liquidation process was in progress
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	48,839	(484)	(484)	Note 1
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	49,882	49,882	2,055	0.21	67,920	1,027,770	2,145	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	37,609	(2,013,070)	(46,021)	Note 1
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	-	60,673	-	-	-	(425,691)	(2,546)	Note 2
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	112,898	-	11,696	1.81	80,762	(299,195)	(5,299)	Note 2
E.G.C. Cement Corporation	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	-	110,128	-	-	-	(6,150)	(730)	Liquidation process was in progress
Union Cement Traders Inc.	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	-	34,203	-	-	-	(6,150)	(227)	Liquidation process was in progress
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	261	0.67	15,723	188,977	1,267	Note 1
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	-	2,552	-	-	-	(4,439)	(113)	Liquidation process was in progress
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	-	161,605	-	-	-	(425,691)	(6,683)	Note 2
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	281,806	281,806	11,464	1.16	378,797	1,027,770	11,965	
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	298,046	-	30,703	4.76	212,014	(299,195)	(13,911)	Note 2
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Taiwan	Renewable energy generation	-	1,000	-	100.00	998	(2)	(2)	Note 1
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation	Taiwan	Renewable energy generation	752,000	202,000	75,200	100.00	708,767	(15,050)	(15,050)	Note 1
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	25,000	2,500	100.00	22,572	(310)	(310)	Note 1
	TCC Lien-Shen Green Energy Corporation	Taiwan	Renewable energy generation	12,000	12,000	1,200	100.00	9,090	(277)	(277)	Note 1
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	5,000	500	100.00	2,456	(32)	(32)	Note 1
	TCC Kao Cheng Green Energy Corporation	Taiwan	Renewable energy generation	12,000	12,000	1,200	100.00	9,901	(46)	(46)	Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Shares/Units (In Thousands)	%	Carrying Amount			
	TCC Nan chung Green Energy Corporation	Taiwan	Renewable energy generation	\$ 170,000	\$ 20,000	17,000	100.00	\$ 167,742	\$ (210)	\$ (210)	Note 1
	Chang-Wang Wind Power Co., Ltd.	Taiwan	Renewable energy generation	720,000	120,000	72,000	100.00	672,542	(47,128)	(47,128)	Note 1
	TCC Ping-Zhi Green Energy Corporation	Taiwan	Renewable energy generation	2,000	-	200	100.00	1,955	(45)	(45)	Note 1
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	908,694	61,737	30,310	100.00	3,470,605	47,105	47,105	Note 1
	Sheng Ho Maritime S.A.	Panama	Marine transportation	-	61,737	-	-	-	39,173	39,173	Note 3
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	152,898	156,647	5,100	100.00	718,111	92,363	92,363	Note 1
	Chi Ho Maritime S.A.	Panama	Marine transportation	-	199,955	-	-	-	8,295	8,295	Note 3
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	2,998	3,072	100	100.00	72,791	394	394	Note 1
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	171,246	174,449	100	50.00	160,245	(100,293)	(50,146)	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	-	148,554	-	-	-	(4,439)	(786)	Liquidation process was in progress
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	26,258	26,749	129	31.50	179,471	35,113	(34,487)	Note 4
Taiwan Cement Dutch	Cimpor Global Holdings B.V.	Netherlands	Holding company	29,380,273	29,152,614	100	40.00	27,832,897	348,035	(8,286)	

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

Note 2: The Group established TCC Recycling Energy Company with a capital increase of \$1,000 thousand in June 2019. As the Group invested \$340,200 thousand in TCC Recycle Energy Technology Company during their capital increase in August 2019 not based on its existing ownership percentage, 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 for conversion into the 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. The preferred shares were fully converted 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 of TCC Recycling Energy Company increased from 28.8% to 29.7%.

Note 3: Sheng Ho Maritime S.A. and Chi Ho Maritime S.A. completed liquidation in August and September 2019, respectively.

Note 4: In May 2019, TCC International Ltd. (Group) transferred shares of Chia Huan Tung Cement Corporation to Union Cement Traders Inc.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

A.

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2019 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	\$ 449,700	(a)	\$ 152,898	\$ -	\$ -	\$ 152,898	\$ -	-	\$ -	\$ -	\$ -	Note 7
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	487,175	(a)	275,254	-	-	275,254	66,216	100.00	66,216	943,877	-	Note 7
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	149,900	(a)	84,694	-	-	84,694	(9,587)	100.00	(9,587)	266,799	-	Note 7
TCC Liuzhou Construction Materials Co., Ltd.	Manufacturing and sale of slag powder	404,730	(a)	97,135	-	-	97,135	66,304	42.00	27,848	398,109	-	Note 7
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,626,912	(a)	4,765,651	-	-	4,765,651	5,101,724	100.00	5,101,724	25,127,335	-	Note 7
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	6,985,340	(a)	4,077,130	-	-	4,077,130	2,380,758	100.00	2,380,758	14,285,599	-	Note 7
TCC (Guigang) Cement Ltd.	Manufacturing and sale of cement	9,979,619	(a)	7,138,235	-	-	7,138,235	4,224,275	100.00	4,224,275	25,421,520	-	Note 7
Jiangsu TCC Investment Co., Ltd.	Investment	1,499,000	(a)	846,935	-	-	846,935	509,006	100.00	509,006	3,203,386	-	Note 7
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,843,014	(a)	3,256,821	-	-	3,256,821	2,543,457	100.00	2,543,457	15,187,762	-	Note 7
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,597,155	(a)	1,336,553	-	-	1,336,553	25,153	100.00	25,153	1,648,482	-	Note 7
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,601,630	(a)	3,352,543	-	-	3,352,543	187,054	100.00	187,054	7,442,985	-	Note 7
TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	3,537,640	(a)	2,557,934	-	-	2,557,934	1,607,207	100.00	1,607,207	8,158,740	-	Note 7
TCC Guangan Cement Company Limited	Manufacturing and sale of cement	2,308,160	(a)	1,675,743	-	-	1,675,743	975,263	100.00	975,263	4,742,171	-	Note 7
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	599,600	(a)	338,774	-	-	338,774	11,435	100.00	11,435	322,952	-	Note 7
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	608,594	(a)	274,322	-	-	274,322	(34,861)	65.00	(22,659)	495,964	-	Note 7
TCC New (Hangzhou) Management Company Limited.	Operation management	239,840	(a)	135,510	-	-	135,510	(21,522)	100.00	(21,522)	173,200	-	Note 7
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,677,488	(a)	1,072,516	-	-	1,072,516	112,473	100.00	112,473	3,722,084	-	Note 7
TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	1,199,200	(a)	1,068,787	872,418	-	1,941,205	(15,748)	100.00	(15,748)	1,947,356	-	Note 7
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,089,233	(a)	3,081,679	-	-	3,081,679	657,388	100.00	657,388	3,604,064	-	Note 7
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	400,365	(a)	5,641,295	-	-	5,641,295	287,815	100.00	287,815	2,879,697	-	Note 7
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	43,050	(a)	-	-	-	-	128,153	100.00	128,153	1,409,887	-	Note 7
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	43,050	(a)	-	-	-	-	300	100.00	300	50,254	-	Note 7
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	119,920	(a)	374,957	-	-	374,957	(788)	100.00	(788)	262,828	-	Note 7
TCC Yingde Mining Industrial Company Limited	Mining excavation	344,770	(a)	271,249	-	-	271,249	12,599	100.00	12,599	450,854	-	Note 7
TCC Guigang Mining Industrial Company Limited	Mining excavation	149,900	(a)	129,473	-	-	129,473	194	100.00	194	367,033	-	Note 7
Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	630,726	(a)	-	-	-	-	180,794	100.00	180,794	486,654	-	Note 7
Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	1,700,475	(a)	-	-	-	-	467,851	100.00	467,851	2,874,737	-	Note 7
Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	100,091	(a)	-	-	-	-	(2,113)	100.00	(2,113)	5,029	-	Note 7
Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	107,625	(a)	-	-	-	-	(18,573)	100.00	(18,573)	123,140	-	Note 7
TCEC (Yingde) Machine Co., Ltd. (Notes 5 and 6)	Production and sale of cement machinery and assembly work	16,295	(b)	16,295	-	-	16,295	(992)	100.00	(992)	-	154,926	Note 7
Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	64,575	(a)	91,722	-	-	91,722	(1,913)	100.00	(1,913)	62,466	-	Note 7
Fuzhou TCC Information Technology Co., Ltd. (Note 6)	Software product and equipment maintenance	2,998	(a)	2,988	-	-	2,988	4,344	100.00	4,344	11,459	39,372	Note 7
Da Tong (Guigang) International Logistics Co., Ltd (Note 6)	Logistics and transportation	149,900	(a)	-	-	-	-	94,189	100.00	94,189	701,712	-	Note 7

(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, 2019 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2019 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outflow	Inflow							
Da Tong (Ying De) Logistics Co., Ltd. (Note 6)	Logistics and transportation	\$ 21,525	(a)	\$ -	\$ -	\$ -	\$ -	\$ 14,279	100.00	\$ 14,279	\$ 107,746	\$ -	Note 7
Guigang Da-Ho Shipping Co., Ltd. (Note 6)	Marine transportation	17,220	(a)	-	-	-	-	62,045	100.00	62,045	381,763	-	Note 7
Prosperity Conch Cement Company Limited	Manufacturing and sale of cement	2,496,900	(a)	2,197,343	-	-	2,197,343	5,126,506	25.00	1,281,626	5,813,901	-	-
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,551,625	(a)	1,432,572	-	-	1,432,572	932,965	30.00	279,890	1,700,788	-	Note 3
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	1,776,157	(a)	693,716	-	-	693,716	942,640	30.00	282,792	1,117,517	-	Note 3
Sichuan Taichang Building Material Group Company Limited	Manufacturing and sale of cement	861,000	(a)	346,783	-	-	346,783	479,783	30.00	143,935	184,793	-	-
Guangan Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	66,728	(a)	47,343	-	-	47,343	-	50.00	-	-	-	-
Guigang TCC DongYuan Environmental Technology Company Limited	Dangerous waste treatment	503,685	(a)	503,685	-	-	503,685	(9,235)	95.20	(8,791)	507,510	-	Note 7
Beijing TCC Environment Technology Co., Ltd.	Technology development, business management and sales	25,830	(a)	-	25,830	-	25,830	(21,152)	100.00	(21,152)	5,558	-	Note 7
TCC (Hangzhou) Environment Technology Limited	Environment, cement, business management consulting	3,013,500	(a)	-	3,013,500	-	3,013,500	(161,410)	100.00	(161,410)	2,862,652	-	Note 7
Kaili TCC Environment Technology Co., Ltd.	Waste collection and treatment	12,915	(a)	-	12,915	-	12,915	(7,065)	100.00	(7,065)	27,704	-	Note 7
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd	Technology development, business management and sales	9,471	(a)	-	9,471	-	9,471	(2,211)	55.00	(1,216)	8,316	-	Note 7

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$71,290,669	\$71,966,416	(Note 8)

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

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

Note 2: Including outward remittance from offshore subsidiaries.

Note 3: Investment gain (loss) was based on the associates' audited financial statements except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considers that there would be no significant adjustments if such financial statements were to be audited.

Note 4: As of December 31, 2019, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

Note 5: Anhui King Bridge Cement Co., Ltd. and TCEC (Yingde) Machine Co., Ltd. wound up their businesses in 2019, and the procedures for the distribution of the remaining assets are still in progress.

Note 6: Including the amounts attributable to non-controlling interests.

Note 7: All intercompany transactions have been eliminated upon consolidation.

Note 8: The Corporation received a confirmation letter of Operation Headquarter from the Industrial Development Bureau of the MOEA in October 2016 stating that the Corporation is not limited by the restriction on the accumulated percentage or amount of investment in mainland China.

B. See Tables 1, 2, 4, 6 and 10 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 YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			% of Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
0	Taiwan Cement Corporation	E.G.C. Cement Corporation	1	Operating revenue	\$ 433,388	50 days after the day delivery was made	0.4
			1	Lease liabilities - non-current	269,388	By contract	0.1
		HKCCL	1	Operating revenue	313,812	65 days after the day delivery was made	0.3
		Feng Sheng Enterprise Company Limited	1	Operating revenue	449,485	30 days	0.4
					Operating costs and expenses	230,190	30 days
				Accounts receivable from related parties	123,566	30 days	-
		Ta-Ho Maritime Corporation	1	Operating costs and expenses	1,414,140	30 days	1.2
				Payables to related parties	264,694	30 days	0.1
		Taiwan Transport & Storage Corporation	1	Operating costs and expenses	539,481	30 days	0.4
		Hoping Industrial Port Corporation	1	Operating costs and expenses	507,458	20 days	0.4
		Kuan-Ho Refractories Industry Corporation	1	Operating costs and expenses	248,324	By contract	0.2
		TCCIH	1	Operating revenue	456,320	By contract	0.4
		Jin Chang Minerals Corporation	1	Operating costs and expenses	413,373	30 days	0.3
Ho Sheng Mining Co., Ltd.	1	Operating costs and expenses	587,699	30 days	0.5		
		Payables to related parties	102,207	30 days	-		
1	Ho-Ping Power Company	Hoping Industrial Port Corporation	3	Operating costs and expenses	1,114,272	20 days	0.9
		HPC Power Service Corporation	3	Operating costs and expenses	472,539	By contract	0.4
2	THC International S.A.	Ta-Ho Maritime Corporation	3	Rent revenue	197,061	By negotiation	0.2
3	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Finance lease receivables	1,092,213	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
4	Taiwan Transport & Storage Corporation	Taiwan Prosperity Chemical Corporation	3	Operating revenue	206,997	By contract	0.2
		Hoping Industrial Port Corporation	3	Operating revenue	194,833	30 days	0.2
5	Jin Chang Minerals Corporation	TCC Investment Corporation	3	Other payables to related parties	330,000	By contract	0.1
6	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	3	Operating revenue	475,715	By negotiation	0.4
			3	Accounts receivable from related parties	131,252	By negotiation	-
7	Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Limited	3	Operating revenue	481,798	By negotiation	0.4
			3	Accounts receivable from related parties	176,734	By negotiation	-
		TCC Yingde Cement Co., Ltd.	3	Operating revenue	307,411	By negotiation	0.3
			3	Accounts receivable from related parties	113,547	By negotiation	-

(Continued)

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

1. GENERAL INFORMATION

Taiwan Cement Corporation (the “Corporation”) was incorporated in 1946 and was restructured as a company limited by shares 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 financial statements are presented in New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors on March 20, 2020.

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

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

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

IFRS 16 “Leases”

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

Definition of a lease

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

The Corporation as lessee

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

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

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

The Corporation also applies the following practical expedients:

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

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

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

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 1,834,767
Less: Recognition exemption for short-term leases	(39,607)
Less: Recognition exemption for leases of low-value assets	<u>-</u>
Undiscounted amounts on January 1, 2019	<u>\$ 1,795,160</u>
Discounted amounts using the incremental borrowing rate and lease liabilities recognized on January 1, 2019	<u>\$ 1,653,353</u>

The Corporation as lessor

The Corporation will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019. It is expected that there would not be any material impact on the Corporation's accounting policies where the Corporation is a lessor.

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

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Prepayments of lease - current	\$ 191,053	\$ (6,133)	\$ 184,920
Right-of-use assets	<u>-</u>	<u>1,659,486</u>	<u>1,659,486</u>
Total effect on assets	<u>\$ 191,053</u>	<u>\$ 1,653,353</u>	<u>\$ 1,844,406</u>
Lease liabilities - current	\$ -	\$ 290,159	\$ 290,159
Lease liabilities - non-current	<u>-</u>	<u>1,363,194</u>	<u>1,363,194</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 1,653,353</u>	<u>\$ 1,653,353</u>

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 3)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Corporation shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Corporation shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 4: The Corporation shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

- c. The New IFRSs issued by IASB but not yet endorsed and issued into effect by the 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, 2022

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

As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation’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

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

- b. Basis of preparation

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents, unless 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 Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation'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.

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

For the purpose of presenting the financial statements, the functional currencies of the Corporation and its foreign operations (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; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculations involved in the equity-method transaction but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, 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 on the end of reporting period.

f. Investments in subsidiaries

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

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

Under the equity method, investments in a subsidiary are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of the equity of its subsidiaries.

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

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

Any excess of the cost of an acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of the acquisition is recognized immediately in profit or loss.

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

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

Profits or losses resulting from downstream transactions are eliminated in full only in the Corporation's parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the Corporation's financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

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

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in that associate. The Corporation records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus - changes in the Corporation's share of equity of associates. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee 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 Corporation's share of losses of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's financial statements only to the extent that interests in the associate are related to the Corporation.

h. Property, plant and equipment

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

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.

Except for freehold land which is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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.

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate 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 any of 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 (net of amortization or depreciation) 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.

1. Financial instruments

Financial assets and financial liabilities are recognized when an 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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such 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, and dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

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 using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

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

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

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Corporation always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Corporation 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 Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, not considering the collateral held, the Corporation 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 impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by the Corporation 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 the Corporation 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 fair value through profit or loss, all financial liabilities are carried at amortized cost using the effective interest method.

Financial liabilities are classified as at fair value through profit or loss when any such financial liability is held for trading. Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

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 gains or losses.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Corporation 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 Corporation 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, and 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.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 are not separated instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that are within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Revenue recognition

The Corporation 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

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location and the control of the products has transferred to the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services is recognized by reference to the stage of completion of the contract or when services are provided.

n. Leasing

2019

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

For a contract that contains a lease component and non-lease components, the Corporation 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 Corporation 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 Corporation'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 Corporation as lessee

The Corporation 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 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 Corporation 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 Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

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

2018

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

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

o. 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 that which is stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

The net defined benefit asset represents the actual surplus in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

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 rereasurement is recognized in profit or loss.

q. 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 Corporation'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 have purchased is confirmed.

r. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and joint ventures, except where the Corporation 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 interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and 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 profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year 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 Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimation 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.

Investments Accounted for Using the Equity Method

The Corporation immediately recognizes impairment loss on its net investments in subsidiaries and associates when there is any indication that an investment may be impaired and the carrying amount may not be recoverable. The Corporation's management evaluates such impairment based on the estimated future cash flow expected to be generated by the investments accounted for by using the equity method. The Corporation also takes into consideration the market conditions and industry developments to evaluate the appropriateness of the relevant assumptions.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2019	2018
Cash on hand	\$ 1,311	\$ 1,276
Checking accounts and demand deposits	1,006,384	4,808,221
Cash equivalents		
Time deposits with original maturities of less than 3 months	4,209,698	6,834,188
Bonds issued under repurchase agreements	<u>1,448,854</u>	<u>-</u>
	<u>\$ 6,666,247</u>	<u>\$ 11,643,685</u>

The market rate intervals of cash in banks, time deposits and bonds issued under repurchase agreements at the end of the reporting period were as follows:

	<u>December 31</u>	
	2019	2018
Cash in banks	0.01%-1.56%	0.01%-2.83%
Time deposits with original maturities of less than 3 months	0.55%-2.36%	0.13%-3.05%
Bonds with repurchase agreements	0.50%-0.55%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Redemption options and put options of convertible bonds	\$ 1,235	\$ -
Non-derivative financial assets		
Domestics listed shares	160,957	163,810
Domestics emerging market shares	<u>96,910</u>	<u>85,780</u>
	<u>\$ 259,102</u>	<u>\$ 249,590</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Redemption options and put options of convertible bonds	<u>\$ -</u>	<u>\$ 139,460</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Domestic investments		
Listed shares	\$ 3,613,865	\$ 3,323,490
Convertible preference shares	<u>31,332</u>	<u>29,559</u>
	<u>\$ 3,645,197</u>	<u>\$ 3,353,049</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 5,334,757</u>	<u>\$ 4,385,175</u>

For the year ended December 31, 2018, the Corporation paid \$475,352 thousand and \$2,854,637 thousand to acquire the shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd., respectively, and the Corporation's percentage of ownership subsequently increased from 0.4% to 16.0% and from 8.8% to 15.6%, respectively. After the increase in shareholding proportions of the aforementioned investees, the Corporation assessed that they have significant influence over the investees and reclassified them as investments accounted using the equity method, and the investments previously recognized as financial assets at FVTOCI were considered as disposed of and the previously recognized other equity - unrealized gain or loss on financial assets at FVTOCI of \$1,321,032 thousand was transferred to retained earnings. For the year ended December 31, 2018, the Corporation paid \$29,559 thousand to acquire convertible preference shares of O-Bank Co., Ltd.

9. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	2019	2018
Notes receivable	\$ 1,112,966	\$ 1,068,694
Accounts receivable	3,527,300	2,856,883
Less: Allowance for impairment loss	<u>(47,573)</u>	<u>(43,171)</u>
	<u>\$ 4,592,693</u>	<u>\$ 3,882,406</u>

The Corporation recognizes an allowance for impairment loss on accounts receivable on the basis of individual customers for which credit losses have actually taken place. Moreover, the Corporation 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 Corporation recognizes an allowance for impairment loss of 100% against past due receivables which have an indication of impairment.

The Corporation 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 Corporation 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:

	<u>December 31</u>	
	2019	2018
Up to 90 days	\$ 4,443,476	\$ 3,809,004
91-180 days	129,178	51,950
181-365 days	11,403	11,147
Over 365 days	<u>8,636</u>	<u>10,305</u>
	<u>\$ 4,592,693</u>	<u>\$ 3,882,406</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:

	<u>For the Year Ended December 31</u>	
	2019	2018
Balance at January 1	\$ 43,171	\$ 41,666
Add: Net remeasurement of loss allowance	6,725	2,524
Less: Amounts written off	<u>(2,323)</u>	<u>(1,019)</u>
Balance at December 31	<u>\$ 47,573</u>	<u>\$ 43,171</u>

10. INVENTORIES

	<u>December 31</u>	
	2019	2018
Finished goods	\$ 501,088	\$ 462,208
Work in process	447,633	459,491
Raw materials	215,211	181,644
Supplies	<u>251,290</u>	<u>272,930</u>
	<u>\$ 1,415,222</u>	<u>\$ 1,376,273</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was \$17,260,649 thousand and \$15,549,793 thousand, respectively. The cost of goods sold included inventory write-downs of \$4,851 thousand and \$6,401 thousand for 2019 and 2018, respectively.

11. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

	<u>December 31</u>	
	2019	2018
Investments in subsidiaries	\$ 222,099,090	\$ 197,415,667
Investments in associates	<u>8,955,965</u>	<u>7,982,144</u>
	<u>\$ 231,055,055</u>	<u>\$ 205,397,811</u>

a. Investments in subsidiaries

	<u>December 31</u>	
	2019	2018
Listed company		
Taiwan Prosperity Chemical Corporation	\$ 658,029	\$ 1,413,309
Unlisted companies		
TCC International Ltd. (“TCCI”)	103,716,200	85,867,527
TCC International Holdings Ltd. (“TCCIH”)	49,332,748	44,167,192
Taiwan Cement (Dutch) Holdings B.V. (Taiwan Cement Dutch)	27,952,597	29,471,481
Ho-Ping Power Company	17,378,914	17,059,967
Hoping Industrial Port Corporation	5,703,414	5,658,439
TCC Investment Corporation	4,451,678	3,099,705
TCC Green Energy Corporation	3,164,031	1,529,333
Ta-Ho Maritime Corporation	2,575,734	2,296,422
Taiwan Transport & Storage Corporation	1,965,859	1,815,949
TCC Chemical Corporation	1,255,735	942,433
Ho Sheng Mining Co., Ltd.	1,181,433	1,069,417
Taiwan Cement Engineering Corporation	732,796	710,129
Kuan-Ho Refractories Industry Corporation	450,426	453,906
Hong Kong Cement Manufacturing Co., Ltd. (“HKCMCL”)	378,032	323,022
Feng Sheng Enterprise Company	362,317	348,471
TCC Information Systems Corporation	238,516	251,946
Ta-Ho Onyx RSEA Environment Co., Ltd.	193,848	200,431

(Continued)

	December 31	
	2019	2018
Jin Chang Minerals Corporation	\$ 178,884	\$ 220,012
HPC Power Service Corporation	113,640	114,457
E.G.C. Cement Corporation	112,235	103,579
Tung Chen Mineral Corporation	1,311	1,352
TCCMOLI Holdings (Singapore) Pte. Ltd. (“TCCMOLI”)	713	-
Ta-Ho Onyx Taitung Environment Co., Ltd.	-	297,188
	<u>\$ 222,099,090</u>	<u>\$ 197,415,667</u>
		(Concluded)
	Proportion of Ownership and Voting Rights	
	December 31	
	2019	2018
Listed company		
Taiwan Prosperity Chemical Corporation (Notes 1 and 5)	40.0%	40.0%
Unlisted companies		
TCCI (Note 2)	100.0%	100.0%
TCCIH (Note 2)	38.3%	38.3%
Taiwan Cement Dutch (Note 3)	100.0%	100.0%
Ho-Ping Power Company	59.5%	59.5%
Hoping Industrial Port Corporation	100.0%	100.0%
TCC Investment Corporation	100.0%	100.0%
TCC Green Energy Corporation (Note 4)	100.0%	100.0%
Ta-Ho Maritime Corporation	64.8%	64.8%
Taiwan Transport & Storage Corporation	83.9%	83.9%
TCC Chemical Corporation	100.0%	100.0%
Ho Sheng Mining Co., Ltd.	100.0%	100.0%
Taiwan Cement Engineering Corporation	99.0%	99.0%
Kuan-Ho Refractories Industry Corporation	95.3%	95.3%
HKCMCL	84.7%	84.7%
Feng Sheng Enterprise Company (Note 5)	45.4%	45.4%
TCC Information Systems Corporation	99.4%	99.4%
Ta-Ho Onyx RSEA Environment Co., Ltd.	66.6%	66.6%
Jin Chang Minerals Corporation	100.0%	100.0%
HPC Power Service Corporation	60.0%	60.0%
E.G.C. Cement Corporation	50.6%	50.6%
Tung Chen Mineral Corporation	99.5%	99.5%
TMC (Note 6)	72.7%	72.7%
TPMC (Note 6)	40.0%	40.0%
TCCMOLI (Note 4)	100.0%	-
Ta-Ho Onyx Taitung Environment Co., Ltd. (Note 7)	-	100.0%

Note 1: The Corporation adjusted the Group’s internal investment structure, and successively disposed of part of its equity interest in Taiwan Prosperity Chemical Corporation in 2018.

Note 2: The Corporation increased its investment in the capital of TCCI and TCCIH by \$15,430,125 thousand and \$21,576,350 thousand, respectively, but TCCI did not simultaneously increase its investment in the capital of TCCIH. Thus, the Corporation’s percentage of ownership in TCCIH increased to 38.3%.

- Note 3: The Corporation passed the resolution to establish a new wholly-owned subsidiary, Taiwan Cement Dutch in the board of directors' meeting in October 2018, and established the joint venture Cimpor Global Holdings B.V. (formerly known as Dutch OYAK TCC Holdings B.V.) with Ordu Yardimlasma Kurumu which, through this new subsidiary. The Corporation obtained 40% interest of the joint venture by injecting cash and indirectly acquired the cement investment projects in areas such as Turkey. The Corporation invested \$29,470,972 thousand to establish Taiwan Cement Dutch in 2018.
- Note 4: Tunwoo Company Limited changed its name to TCC Green Energy Corporation in March 2018, and also changed its main business to renewable energy generation. The Corporation increased its capital in the amount of \$1,700,000 thousand and \$1,400,000 thousand in TCC Green Energy Corporation in November 2019 and July 2018, respectively; and invested \$929 thousand in the establishment of TCCMOLI in the second half of 2019.
- Note 5: Although the Corporation's percentages of ownership in Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC were all less than 50% for the years ended December 31, 2019 and 2018, the Corporation still has control over those entities. Thus, Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC are considered as subsidiaries of the Corporation.
- Note 6: Due to the recognition of investment losses in TMC and TPMC, credit balances of \$20,511 thousand and \$20,149 thousand were generated, which were recorded in other non-current liabilities as of December 31, 2019 and 2018, respectively.
- Note 7: Ta-Ho Taitung Environment Co., Ltd. was in the process of liquidation in December 2019 and completed liquidation in January 2020.

The investments accounted for using the equity method and the Corporation's share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the subsidiaries' audited financial statements for the same years except for the financial statements of TMC and TPMC, which were based on financial statements which were not audited. The Corporation considered that there would be no significant adjustments if such financial statements were to be audited.

b. Investments in associates

	December 31	
	2019	2018
Associates that are not individually material		
International CSRC Investment Holdings Co., Ltd.	\$ 5,112,794	\$ 5,040,286
CCC USA Corporation	1,724,538	1,625,444
TCC Recycle Energy Technology Company	1,293,475	-
ONYX Ta-Ho Environmental Services Co., Ltd.	818,277	786,226
Synpac Ltd.	6,881	6,991
E-ONE Moli Energy Corporation	<u>-</u>	<u>523,197</u>
	<u>\$ 8,955,965</u>	<u>\$ 7,982,144</u>

c. Aggregate information of associates that are not individually material

Corporation Name	December 31	
	2019	2018
International CSRC Investment Holdings Co., Ltd. (Note 1)	15.6%	15.6%
CCC USA Corporation (Note 3)	33.3%	33.3%
TCC Recycle Energy Technology Company (Note 2)	18.2%	-
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%
Synpac Ltd.	25.0%	25.0%
E-ONE Moli Energy Corporation (Note 1 and 2)	-	16.0%

	December 31	
	2019	2018
The Group's share of:		
Net income for the period	\$ 629,480	\$ 540,954
Other comprehensive income (loss)	<u>63,879</u>	<u>(102,669)</u>
Total comprehensive income for the period	<u>\$ 693,359</u>	<u>\$ 438,285</u>

Note 1: During the year ended December 31, 2018, the Corporation paid \$475,352 thousand and \$2,854,637 thousand to acquire additional shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd., respectively; and after the acquisition of shares, the Corporation's percentage of ownership increased to 16% and 15.6%, respectively. The Corporation assessed that they have significant influence over the investees after the increase in shareholding proportions, and reclassified the investments previously recognized as financial assets at FVTOCI to investments accounted for using the equity method. The Corporation paid \$503,133 thousand to acquire additional shares of E-ONE Moli Energy Corporation on January 1, 2019. However, as the Corporation did not participate in the capital increase based on its existing shareholding proportion, its percentage of ownership decreased from 16% to 15%. The Corporation subsequently entered into a share swap with TCC Recycle Energy Technology Company; details of which are set out in Note 2.

Note 2: The Corporation 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. However, the Corporation subscribed for the shares in the amount of \$340,200 thousand, which was not based on its existing shareholding percentage, thus, its percentage of ownership decreased from 100% to 17.6%. 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 Corporation 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 \$1,006,394 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 Corporation's percentage of ownership in TCC Recycling Energy Company increased from 17.6% to 18.2%.

Note 3: For the year ended December 31, 2018, the Corporation paid \$802,438 thousand to acquire the shares of CCC USA Corp. based on its existing shareholding proportion.

The aforementioned investments in associates accounted for using the equity method and the share of profit or loss and other comprehensive income of these associates for the years ended December 31, 2019 and 2018 were based on the associates' audited financial statements for the same periods.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
<u>Cost</u>					
Balance at January 1, 2018	\$ 18,117,555	\$ 16,138,604	\$ 23,714,277	\$ 3,920,102	\$ 61,890,538
Additions	-	9,080	58,896	63,036	131,012
Disposals	-	(276,997)	(3,686,465)	(369,784)	(4,333,246)
Reclassification	-	-	10,130	-	10,130
Balance at December 31, 2018	<u>\$ 18,117,555</u>	<u>\$ 15,870,687</u>	<u>\$ 20,096,838</u>	<u>\$ 3,613,354</u>	<u>\$ 57,698,434</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2018	\$ 274,188	\$ 7,645,426	\$ 22,672,943	\$ 3,720,804	\$ 34,313,361
Depreciation expenses	-	319,226	159,703	39,412	518,341
Impairment losses	-	27,340	10,184	-	37,524
Disposals	-	(161,615)	(3,652,620)	(363,863)	(4,178,098)
Balance at December 31, 2018	<u>\$ 274,188</u>	<u>\$ 7,830,377</u>	<u>\$ 19,190,210</u>	<u>\$ 3,396,353</u>	<u>\$ 30,691,128</u>
Carrying amounts at December 31, 2018	<u>\$ 17,843,367</u>	<u>\$ 8,040,310</u>	<u>\$ 906,628</u>	<u>\$ 217,001</u>	<u>\$ 27,007,306</u>
<u>Cost</u>					
Balance at January 1, 2019	\$ 18,117,555	\$ 15,870,687	\$ 20,096,838	\$ 3,613,354	\$ 57,698,434
Additions	11,277	5,176	110,827	236,173	363,453
Disposals	-	-	(146,859)	(74,748)	(221,607)
Reclassification	-	2,330	55,111	2,125	59,566
Balance at December 31, 2019	<u>\$ 18,128,832</u>	<u>\$ 15,878,193</u>	<u>\$ 20,115,917</u>	<u>\$ 3,776,904</u>	<u>\$ 57,899,846</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2019	\$ 274,188	\$ 7,830,377	\$ 19,190,210	\$ 3,396,353	\$ 30,691,128
Depreciation expenses	-	317,403	186,090	61,876	565,369
Disposals	-	-	(146,730)	(74,729)	(221,459)
Balance at December 31, 2019	<u>\$ 274,188</u>	<u>\$ 8,147,780</u>	<u>\$ 19,229,570</u>	<u>\$ 3,383,500</u>	<u>\$ 31,035,038</u>
Carrying amounts at December 31, 2019	<u>\$ 17,854,644</u>	<u>\$ 7,730,413</u>	<u>\$ 886,347</u>	<u>\$ 393,404</u>	<u>\$ 26,864,808</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	50 years
Main plants	15-50 years
Storage units	35-50 years
Others	20-50 years
Machinery and equipment	8-28 years
Miscellaneous equipment	2-20 years

In response to adjustment of operational strategies, the Corporation disposed of old equipment in some of its factories in 2018, recognizing a net loss of disposal of property, plant and equipment of \$140,615 thousand.

The Corporation recognized impairment losses of \$37,524 thousand in 2018 after assessing that part of the property, plant and equipment had no remaining useful value due to factors such as idling.

Property, plant and equipment pledged as collateral for performance bonds are set out in Note 28.

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

	For the Year Ended December 31	
	2019	2018
Acquisitions of property, plant and equipment	\$ 363,453	\$ 131,012
Increase in prepayments for equipment	650,869	509,429
Increase in payables for equipment	<u>(73,585)</u>	<u>(28,386)</u>
	<u>\$ 940,737</u>	<u>\$ 612,055</u>

13. LEASE ARRANGEMENTS - 2019

a. Right-of-use assets

	December 31, 2019
<u>Carrying amounts</u>	
Land	\$ 174,101
Buildings	1,000,085
Machinery	205,660
Others	<u>34,492</u>
	<u>\$ 1,414,338</u>
	For the Year Ended December 31, 2019
Additions to right-of-use assets	<u>\$ 74,337</u>
Depreciation charge for right-of-use assets	
Land	\$ 63,695
Buildings	150,216
Machinery	93,754
Others	<u>11,820</u>
	<u>\$ 319,485</u>

b. Lease liabilities

	December 31, 2019
<u>Carrying amounts</u>	
Current	<u>\$ 289,436</u>
Non-current	<u>\$ 1,133,140</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	1.85%
Buildings	1.85%
Machinery	1.85%-1.90%
Other	1.85%-1.90%

c. Important tenancy activities and terms

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

d. Other lease information

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	<u>\$ 41,159</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 25,296</u>
Total cash outflow for leases	<u>\$ (386,669)</u>

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

14. INVESTMENT PROPERTIES

	December 31	
	2019	2018
Land	\$ 3,342,795	\$ 3,342,795
Buildings	<u>9,196</u>	<u>9,882</u>
	<u>\$ 3,351,991</u>	<u>\$ 3,352,677</u>

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

The fair values of the investment properties were determined by independent qualified professional valuers or the Corporation's management using market prices of similar properties. As of December 31, 2019 and 2018, the fair values of investment properties were \$8,736,723 thousand.

15. BORROWINGS

a. Short-term loans

	December 31	
	2019	2018
Unsecured borrowings		
Bank loans - unsecured	\$ 16,050,000	\$ 12,969,000
Bank loans - letters of credit	<u>275,928</u>	<u>-</u>
	<u>\$ 16,325,928</u>	<u>\$ 12,969,000</u>
Interest rate	0.82-2.77%	0.80-1.11%

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	\$ -	\$ 1,500,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>326</u>
	<u>\$ -</u>	<u>\$ 1,499,674</u>
Interest rate	-	0.90%-1.04%

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

	December 31	
	2019	2018
Syndicated loans	<u>\$ 21,431,917</u>	<u>\$ 13,510,417</u>
Long-term bills payables	10,828,000	21,500,000
Less: Discount of long-term bills payables	<u>21,503</u>	<u>21,284</u>
	<u>10,806,497</u>	<u>21,478,716</u>
	<u>\$ 32,238,414</u>	<u>\$ 34,989,133</u>
Interest rate - syndicated loan	1.79%	1.79%
Interest rate - long-term bills payables	1.32%	1.25%

The Corporation entered into a 5-year syndicated loan agreement with a bank consortium with a credit line of \$43 billion in March 2018, which was divided into two tranches, A and B. The key terms and conditions are set forth below:

- 1) The credit facility of Tranche A is \$21.5 billion non-revolving credit line. The Corporation has fully utilized and used \$13.6 billion in December 2019 and 2018, respectively. Starting from March 2021, its principle shall be repaid equally in 5 semi-annual installments and shall mature in March 2023; interest shall be paid quarterly.
- 2) The credit facility of Tranche B which is the nature of long-term bills payable is \$21.5 billion and shall be fully drawn down on a revolving basis. The period of each actual drawdown can be at least 30 but not over 180 days, and the maturity date of each drawdown period shall not exceed the credit period. The final maturity date shall be in March 2023.

There were several financial limited terms of long-term loans and long-term bills payables as mentioned above. The Corporation had not violated them for the year ended December 31, 2019.

16. BONDS PAYABLE

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Domestic unsecured bonds	\$ 24,600,000	\$ 12,000,000
Less: Discounts on bonds payable	<u>55,240</u>	<u>23,156</u>
	<u>24,544,760</u>	<u>11,976,844</u>
Overseas unsecured convertible bonds	12,663,477	12,663,477
Less: Discounts on bonds payable	<u>1,508,459</u>	<u>1,862,628</u>
	<u>11,155,018</u>	<u>10,800,849</u>
	<u>\$ 35,699,778</u>	<u>\$ 22,777,693</u>

a. Domestic unsecured bonds

The Corporation issued domestic unsecured bonds at face value in the amount of \$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-time repayment of principal should be made in full on June 21, 2033 and with interest paid annually.

The Corporation issued domestic unsecured bonds at face value in the amount of \$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-time repayment of principal should be made in full on June 14, 2024 and with interest paid annually.

b. Overseas unsecured convertible bonds

In June 2018, the Corporation's board of directors resolved to issue overseas unsecured convertible bonds for the first time. This proposal was approved and became effective under the letter issued by the Financial Supervisory Commission ("FSC") dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 10703258532). The bonds which have a maturity period 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 1st 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 the 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.

	December 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>354,169</u>
Liability component at December 31, 2019	<u>\$ 11,155,018</u>

17. OTHER PAYABLES

	December 31	
	2019	2018
Salaries and bonuses payable	\$ 928,855	\$ 621,318
Payable for repairs	255,689	350,256
Payable for interests	200,846	125,088
Payable for rentals	156,604	126,053
Payable for dividends	141,808	145,338
Taxes payable	124,617	96,078
Payables for electricity	77,249	80,149
Freight payables	60,891	92,554
Others	<u>277,797</u>	<u>226,730</u>
	<u>\$ 2,224,356</u>	<u>\$ 1,863,564</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plan

The defined benefit plan adopted by the Corporation, which is in accordance with the Labor Standards Law, is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to a specified percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Corporation has no right to influence the investment policy and strategy.

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

	December 31	
	2019	2018
Present value of defined benefit obligation	\$ (688,627)	\$ (683,569)
Fair value of plan assets	<u>2,107,317</u>	<u>1,674,672</u>
Net defined benefit assets	<u>\$ 1,418,690</u>	<u>\$ 991,103</u>

Movements in net defined benefit assets were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2018	\$ <u>(699,029)</u>	\$ <u>1,588,208</u>	\$ <u>889,179</u>
Service costs			
Current service costs	(6,926)	-	(6,926)
Net interest income (expense)	<u>(7,852)</u>	<u>17,883</u>	<u>10,031</u>
Recognized in profit or loss	<u>(14,778)</u>	<u>17,883</u>	<u>3,105</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	116,198	116,198
Actuarial loss - changes in demographic assumptions	(111)	-	(111)
Actuarial loss - changes in financial assumptions	(7,050)	-	(7,050)
Actuarial gain - experience adjustments	<u>(10,218)</u>	<u>-</u>	<u>(10,218)</u>
Recognized in other comprehensive income	<u>(17,379)</u>	<u>116,198</u>	<u>98,819</u>
Benefits paid	<u>47,617</u>	<u>(47,617)</u>	<u>-</u>
Balance at December 31, 2018	<u>(683,569)</u>	<u>1,674,672</u>	<u>991,103</u>
Service costs			
Current service costs	(3,754)	-	(3,754)
Net interest income (expense)	<u>(6,828)</u>	<u>16,763</u>	<u>9,935</u>
Recognized in profit or loss	<u>(10,582)</u>	<u>16,763</u>	<u>6,181</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	443,154	443,154
Actuarial loss - changes in demographic assumptions	(3)	-	(3)
Actuarial loss - changes in financial assumptions	(19,791)	-	(19,791)
Actuarial gain - experience adjustments	<u>(1,954)</u>	<u>-</u>	<u>(1,954)</u>
Recognized in other comprehensive income	<u>(21,748)</u>	<u>443,154</u>	<u>421,406</u>
Benefits paid	<u>27,272</u>	<u>(27,272)</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ (688,627)</u>	<u>\$ 2,107,317</u>	<u>\$ 1,418,690</u>

Through the defined benefit plan under the Labor Standards Law, the Corporation is exposed to the following risks:

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

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

	<u>December 31</u>	
	2019	2018
Discount rates	0.63%	1.00%
Expected rates of salary increase	2.25%	2.25%

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

	<u>December 31</u>	
	2019	2018
Discount rates		
0.25% increase	<u>\$ (13,293)</u>	<u>\$ (13,989)</u>
0.25% decrease	<u>\$ 13,700</u>	<u>\$ 14,440</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 13,251</u>	<u>\$ 14,014</u>
0.25% decrease	<u>\$ (12,926)</u>	<u>\$ (13,648)</u>

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

	<u>December 31</u>	
	2019	2018
The expected contributions to the plan for the next year	<u>\$ -</u>	<u>\$ 4,672</u>
The average duration of the defined benefit obligation	8.3 years	8.8 years

19. EQUITY

a. Share capital

1) Ordinary shares

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

A holder of issued ordinary shares with par value of NT\$10 is entitled to the proportional rights to vote and to dividends. The authorized shares including ordinary shares and preference shares contain 60,000 thousand units retained for the exercise of employee share options.

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

The Corporation's board of directors resolved to issue ordinary shares in the form of global depositary shares for the purpose of investing in overseas subsidiaries and to repay borrowings. The transaction was approved by the FSC under letter No. 10703258531 which was issued on July 25, 2018. The Corporation issued 87,500 units at US\$6.27 per share on the Luxembourg Stock Exchange, which amounted to a total of US\$548,625 thousand in August 2018. One global depositary share represents 5 ordinary shares, and the total global depositary shares represent 437,500 thousand ordinary shares. All outstanding global depositary shares were converted into ordinary shares as of December 31, 2018.

2) Preference shares

In June 2018, the Corporation's board of directors resolved to increase cash capital by issuing preference shares for the second time, which was approved by the FSC under letter dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 1070325853), and the record date of capital increase was determined as of December 13, 2018, it was expected to issue 200,000 thousand shares having a face value of \$10 per share at the issue price of NT\$50 per share, with 3.5% coupon per annum (based on a five-year term 0.9375% IRS interest rate + 2.5625% fixed interest rate). Five-year term IRS interest rate will be reset on the next business day of the expiry of the five-year period from the date of issue and every five years thereafter. The 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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of shares	\$ 44,176,367	\$ 44,176,367
Conversion of bonds	1,520,632	1,520,632
Difference between the consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions	466,784	466,755
Treasury share transactions	204,127	203,725
Donations	31,537	31,537
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	116,238	116,238
Forfeited share options	10,695	10,695
Dividends distributed by subsidiaries not yet received by shareholders	2,161	2,161
<u>May not be used for any purpose</u>		
Equity component of convertible bonds payable	1,308,070	1,308,070
Changes in interests in associates accounted for by using equity method	<u>179,336</u>	<u>61</u>
	<u>\$ 48,015,947</u>	<u>\$ 47,836,241</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 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 then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 20(c): Net Income - employees' compensation and remuneration of directors.

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

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

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

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

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

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

The appropriation of earnings for 2019 had been proposed by the Corporation’s board of directors on March 20, 2020. The appropriation and dividends per share were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 2,448,745	
Dividends on preferences shares	350,000	<u>\$ 1.75</u>
Cash dividends on ordinary shares	13,644,048	<u>\$ 2.50</u>
Share dividends on ordinary shares	2,728,810	<u>\$ 0.50</u>

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, and such special reserve of \$0 thousand and \$573 thousand was reversed for the years ended December 31, 2019 and 2018, respectively. The special reserve appropriated, due to currency translation adjustments for financial statements of foreign operations (including subsidiaries), shall be reversed based on the Corporation's disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence. There was no reversal for the years ended December 31, 2019 and 2018.

e. Other equity items

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ (5,037,221)	\$ (790,475)
Share of exchange differences of subsidiaries and associates accounted for by using the equity method	<u>(6,623,040)</u>	<u>(4,246,746)</u>
Balance at December 31	<u>\$ (11,660,261)</u>	<u>\$ (5,037,221)</u>

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 24,074,566	\$ 24,158,871
Recognized during the period		
Unrealized gain - equity instruments	1,246,314	98,784
Share from associates accounted for using the equity method	10,074,236	1,137,943
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(1,321,032)</u>
Other comprehensive income recognized in the period	<u>11,320,550</u>	<u>(84,305)</u>
Balance at December 31	<u>\$ 35,395,116</u>	<u>\$ 24,074,566</u>

3) Cash flow hedges

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 1,109	\$ -
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	(6,877)	1,109
Transferred to the initial carrying amount of hedged items	<u>5,768</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 1,109</u>

f. Treasury shares

	(In Thousands of Shares)	
	For the Year Ended December 31	
	2019	2018
Number of shares at January 1	70	-
Increase for the period	8,000	6,000
Transferred to employees	<u>(70)</u>	<u>(5,930)</u>
Number of shares at December 31	<u>8,000</u>	<u>70</u>

In February 2018, the Corporation's board of directors had resolved to buy back 6,000 thousand treasury shares for transferring to the employees, and they were fully executed in the same month. The average buy-back price per share was \$36.36 per share; the record date of employees' subscription was September 10, 2018. The Corporation had transferred 5,930 thousand shares to employees at the price of \$30.3 per share as of December 31, 2018. The Corporation has transferred 70 thousand shares to employees at the price of \$30.3 per share from January 1 to December 31, 2019. The record date of employee's subscription was on April 29, 2019. The Corporation had recognized the compensation costs of \$826 thousand on the grant day and recognized capital surplus - treasury shares transaction of \$402 thousand on the payment day. In May 2019, the Corporation's board of directors resolved to buy back 10,000 thousand treasury shares. The Corporation had 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 complete, and the average repurchase price was \$43.62, and the shares will be transferred to employees.

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

20. NET INCOME

a. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Property, plant and equipment	\$ 565,369	\$ 518,341
Right-of-use assets	319,485	-
Investment properties	<u>686</u>	<u>231</u>
	<u>\$ 885,540</u>	<u>\$ 518,572</u>
An analysis of depreciation by function		
Operating costs	\$ 782,211	\$ 458,735
Operating expenses	102,731	59,239
Non-operating expenses	<u>598</u>	<u>598</u>
	<u>\$ 885,540</u>	<u>\$ 518,572</u>
An analysis of amortization by function		
Operating costs	<u>\$ -</u>	<u>\$ 10,683</u>

b. Employee benefits expense

	For the Year Ended December 31					
	2019			2018		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Retirement benefit plans						
Defined contribution plan	\$ 18,871	\$ 11,541	\$ 30,412	\$ 15,462	\$ 9,069	\$ 24,531
Defined benefit plan	<u>(3,774)</u>	<u>(2,407)</u>	<u>(6,181)</u>	<u>(2,214)</u>	<u>(891)</u>	<u>(3,105)</u>
	<u>15,097</u>	<u>9,134</u>	<u>24,231</u>	<u>13,248</u>	<u>8,178</u>	<u>21,426</u>
Share-based payment						
Equity-settled	-	826	826	-	45,448	45,448
Other employee benefits						
Salary	700,528	518,098	1,218,626	429,656	383,545	813,201
Labor and health insurance	45,906	29,456	75,362	38,752	21,064	59,816
Remuneration of directors	-	276,056	276,056	-	240,250	240,250
Others	<u>19,241</u>	<u>9,022</u>	<u>28,263</u>	<u>17,201</u>	<u>7,291</u>	<u>24,492</u>
	<u>765,675</u>	<u>832,632</u>	<u>1,598,307</u>	<u>485,609</u>	<u>652,150</u>	<u>1,137,759</u>
Total employee benefits expense	<u>\$ 780,772</u>	<u>\$ 842,592</u>	<u>\$ 1,623,364</u>	<u>\$ 498,857</u>	<u>\$ 705,776</u>	<u>\$ 1,204,633</u>

As of December 31, 2019 and 2018, the Corporation had an average of 995 and 871 employees, and among them, the average number of directors not concurrently serving as employees were 16 for both years, and the calculation is consistent with that for employee benefits expense. As of December 31, 2019 and 2018, the average employee benefits expense of the Corporation was \$1,376 thousand and \$1,128 thousand, respectively. The Corporation's average salary expense for 2019 and 2018 was \$1,245 thousand and \$951 thousand, respectively, and adjustment in the average employee salary expense was 30.91%.

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. The total amount of employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which was approved by the Corporation's board of directors in March 2020 and March 2019 as follows:

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

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

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

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

d. Other income

	For the Year Ended December 31	
	2019	2018
Net gain on fair value changes of financial assets at FVTPL	\$ 167,778	\$ -
Interest income	101,734	98,520
Financial income	30,284	77,952
Foreign exchange gains, net	-	94,912
Others	<u>60,047</u>	<u>74,894</u>
	<u>\$ 359,843</u>	<u>\$ 346,278</u>

e. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on corporate bonds	\$ 616,160	\$ 128,722
Interest on bank borrowings	528,124	304,011
Interest on lease liabilities	28,127	-
Other finance costs	<u>144,337</u>	<u>48,299</u>
	<u>\$ 1,316,748</u>	<u>\$ 481,032</u>

f. Other expenses

	For the Year Ended December 31	
	2019	2018
Loss on work stoppage	\$ 127,439	\$ 133,251
Loss of foreign exchange	41,228	-
Loss of disposal of property, plant and equipment	-	140,615
Others	<u>21,643</u>	<u>1,742</u>
	<u>\$ 190,310</u>	<u>\$ 275,608</u>

21. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	\$ -	\$ 68,309
Income tax on unappropriated earnings	15,430	-
Adjustments for prior years	<u>(26,187)</u>	<u>(1,774)</u>
	<u>(10,757)</u>	<u>66,535</u>
Deferred tax		
In respect of the current year	11,041	(10,048)
Effect of change of tax rate	<u>-</u>	<u>22,567</u>
	<u>11,041</u>	<u>12,519</u>
Income tax expense recognized in profit or loss	<u>\$ 284</u>	<u>\$ 79,054</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2019	2018
Income before income tax	<u>\$ 24,211,365</u>	<u>\$ 21,259,875</u>
Income tax expense at the statutory rate	\$ 4,842,273	\$ 4,251,975
Tax-exempt income	(1,056,908)	(804,285)
Unrecognized deductible temporary differences	(3,822,115)	(3,444,838)
Effect of change of tax rate	-	22,567
Adjustments for prior years	(26,187)	(1,774)
Income tax on unappropriated earnings	15,430	-
Differences on payable of basic tax	-	53,440
Others	<u>47,791</u>	<u>1,969</u>
Income tax expense recognized in profit or loss	<u>\$ 284</u>	<u>\$ 79,054</u>

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. The effect of the change in tax rate on deferred tax expenses to be recognized in profit or loss is recognized in full in the period in which the change in the tax rate occurs. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

In July 2019, the President of the ROC announced the amendments to the Statute of Industrial Innovation, which stipulated 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. The Corporation has already deducted the amount of capital expenditure from the unappropriated earnings in 2018 that was reinvested when calculating the tax on unappropriated earnings for the year ended December 2019.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Effect of change of tax rate	\$ -	\$ 9,865
Recognized during the year		
Remeasurement on defined benefit plan	<u>84,281</u>	<u>19,764</u>
Income tax expense recognized in other comprehensive profit or loss	<u>\$ 84,281</u>	<u>\$ 29,629</u>

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current income tax assets (included in other current assets)	<u>\$ -</u>	<u>\$ 15,151</u>
Current income tax liabilities (included in the current liabilities)	<u>\$ 10,548</u>	<u>\$ -</u>

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets (included in other non-current assets) and deferred income tax liabilities were as follows:

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Comprehen- sive Income	Closing Balance
<u>Deferred income tax assets</u>				
Inventories	\$ 47,118	\$ 970	\$ -	\$ 48,088
Property, plant and equipment	22,956	(1,894)	-	21,062
Long-term employee benefits plan	10,595	2,450	-	13,045
Deferred revenue	4,897	(245)	-	4,652
Investment properties	2,736	(2,736)	-	-
Others	<u>32,092</u>	<u>4,760</u>	<u>-</u>	<u>36,852</u>
	<u>\$ 120,394</u>	<u>\$ 3,305</u>	<u>\$ -</u>	<u>\$ 123,699</u>
<u>Deferred income tax liabilities</u>				
Land value increment tax	\$ 4,893,010	\$ -	\$ -	\$ 4,893,010
Defined benefit plan	176,743	1,236	84,281	262,260
Unappropriated earnings from foreign subsidiaries	<u>169,581</u>	<u>13,110</u>	<u>-</u>	<u>182,691</u>
	<u>\$ 5,239,334</u>	<u>\$ 14,346</u>	<u>\$ 84,281</u>	<u>\$ 5,337,961</u>

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Comprehen- sive Income	Closing Balance
<u>Deferred income tax assets</u>				
Inventories	\$ 38,963	\$ 8,155	\$ -	\$ 47,118
Property, plant and equipment	13,916	9,040	-	22,956
Long-term employee benefits plan	7,083	3,512	-	10,595
Deferred revenue	4,371	526	-	4,897
Investment properties	2,376	360	-	2,736
Others	<u>21,004</u>	<u>11,088</u>	<u>-</u>	<u>32,092</u>
	<u>\$ 87,713</u>	<u>\$ 32,681</u>	<u>\$ -</u>	<u>\$ 120,394</u>
<u>Deferred income tax liabilities</u>				
Land value increment tax	\$ 4,893,010	\$ -	\$ -	\$ 4,893,010
Defined benefit plan	132,904	14,210	29,629	176,743
Unappropriated earnings from foreign subsidiaries	<u>138,591</u>	<u>30,990</u>	<u>-</u>	<u>169,581</u>
	<u>\$ 5,164,505</u>	<u>\$ 45,200</u>	<u>\$ 29,629</u>	<u>\$ 5,239,334</u>

- e. Aggregate temporary differences associated with investments for which deferred income tax liabilities have not been recognized

As of December 31, 2019 and 2018, the taxable temporary differences in respect of investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$67,415,446 thousand and \$40,229,415 thousand, respectively.

- f. Income tax assessments

The tax returns of the Corporation through 2017 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2019	2018
Basic earnings per share	<u>\$ 4.43</u>	<u>\$ 4.08</u>
Diluted earnings per share	<u>\$ 4.25</u>	<u>\$ 4.08</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 year ended December 31, 2018 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 4.37</u>	<u>\$ 4.08</u>
Diluted earnings per share	<u>\$ 4.37</u>	<u>\$ 4.08</u>

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

	For the Year Ended December 31	
	2019	2018
Profit for the year attributable to owners of the Corporation (Note)	\$ 24,192,862	\$ 21,180,821
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds	<u>227,570</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 24,420,432</u>	<u>\$ 21,180,821</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in computation of basic earnings per share	5,461,212	5,188,788
Effect of potentially dilutive ordinary shares:		
Employees' compensation	2,368	2,129
Convertible bonds	<u>281,315</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>5,744,895</u>	<u>5,190,917</u>

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

If the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation 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.

23. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES WITHOUT CHANGE OF CONTROL

From January 1, 2018 to July 31, 2018, the Corporation disposed of a portion of the shares of Taiwan Prosperity Chemical Corporation, and decreased its proportionate ownership interests from 50% to 40%. The above transactions were accounted for as equity transactions, since there was no change in the Corporation's control over these subsidiaries.

For the propose of streamlining its investment structure, the TCC Chemical Corporation's board of directors approved the merger with Kuan-Ho Construction & Development Corporation and TCC Chemical Corporation with TCC Chemical Corporation as the surviving company on January 1, 2018. Since the merger is considered as a group reorganization, it is accounted for at the carrying amounts.

Refer to Notes of the consolidated financial statements for related disclosures in 2019.

24. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	\$ 12,969,000	\$ 3,362,015	\$ (5,087)	\$ 16,325,928
Long-term borrowings (including those expiring within a year)	<u>13,510,417</u>	<u>7,900,000</u>	<u>21,500</u>	<u>21,431,917</u>
	<u>\$ 26,479,417</u>	<u>\$ 11,262,015</u>	<u>\$ 16,413</u>	<u>\$ 37,757,845</u>

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	\$ 8,522,150	\$ 4,443,260	\$ 3,590	\$ 12,969,000
Long-term borrowings (including those expiring within a year)	<u>7,276,733</u>	<u>6,126,184</u>	<u>107,500</u>	<u>13,510,417</u>
	<u>\$ 15,798,883</u>	<u>\$ 10,569,444</u>	<u>\$ 111,090</u>	<u>\$ 26,479,417</u>

25. CAPITAL MANAGEMENT

The Corporation needs to maintain sufficient capital to fulfill the Corporation's requirements of business expansion and construction. Therefore, the capital management of the Corporation 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.

26. FINANCIAL INSTRUMENTS

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

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>

December 31, 2018

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

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivatives - redemption options and put options of convertible bonds	\$ -	\$ -	\$ 1,235	\$ 1,235
Domestic listed shares	160,957	-	-	160,957
Domestic emerging market shares	<u>96,910</u>	<u>-</u>	<u>-</u>	<u>96,910</u>
	<u>\$ 257,867</u>	<u>\$ -</u>	<u>\$ 1,235</u>	<u>\$ 259,102</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 3,613,865	\$ -	\$ -	\$ 3,613,865
Domestic unlisted shares	-	-	5,334,757	5,334,757
Domestic preference shares	<u>31,332</u>	<u>-</u>	<u>-</u>	<u>31,332</u>
	<u>\$ 3,645,197</u>	<u>\$ -</u>	<u>\$ 5,334,757</u>	<u>\$ 8,979,954</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Domestic listed shares	\$ 163,810	\$ -	\$ -	\$ 163,810
Domestic emerging market shares	<u>85,780</u>	<u>-</u>	<u>-</u>	<u>85,780</u>
	<u>\$ 249,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,590</u>
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	\$ 3,323,490	\$ -	\$ -	\$ 3,323,490
Domestic unlisted shares	-	-	4,385,175	4,385,175
Domestic preference shares	<u>-</u>	<u>-</u>	<u>29,559</u>	<u>29,559</u>
	<u>\$ 3,323,490</u>	<u>\$ -</u>	<u>\$ 4,414,734</u>	<u>\$ 7,738,224</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,460</u>	<u>\$ 139,460</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 Year Ended December 31, 2019
Financial assets at FVTOCI	
Equity instruments	
Balance at January 1, 2019	\$ 4,414,734
Convertible preference shares transferred from Level 3 to Level 1 due to listing	(29,559)
Recognized in other comprehensive income	954,166
Disposal	<u>(4,584)</u>
Balance at December 31, 2019	<u>\$ 5,334,757</u>
Financial assets at FVTPL	
Derivative instruments	
Balance at January 1, 2019 (recognized as financial liabilities at FVTPL)	\$ (139,460)
Recognized in income	<u>140,695</u>
Balance at December 31, 2019	<u>\$ 1,235</u>

	For the Year Ended December 31, 2018
Financial assets at FVTOCI	
Equity instrument investment	
Balance at January 1, 2018	\$ 3,982,858
Additional	72,086
Recognized in other comprehensive income	367,973
Disposal	(1,333)
Reclassification	<u>(6,850)</u>
Balance at December 31, 2018	<u>\$ 4,414,734</u>
Financial liabilities at FVTPL	
Derivative instruments	
Balance at January 1, 2018	\$ -
Additional	159,222
Recognized in income	<u>(19,762)</u>
Balance at December 31, 2018	<u>\$ 139,460</u>

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

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 December 31, 2019 and 2018, the historical volatility used were 14.67% and 29.22%.

The Corporation measures the fair value of its investments on domestic 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.

	<u>December 31</u>	
	2019	2018
Comprehensive discount for lack of marketability and non-controlling interests	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:

	<u>December 31</u>	
	2019	2018
Comprehensive discount for lack of marketability and non-controlling interests		
1% increase	<u>\$ (13,056)</u>	<u>\$ (10,827)</u>
1% decrease	<u>\$ 13,056</u>	<u>\$ 10,827</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.

	<u>December 31</u>	
	2019	2018
Discount for lack of marketability	30%	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:

	<u>December 31</u>	
	2019	2018
Discount for lack of marketability		
1% increase	<u>\$ (213)</u>	<u>\$ (188)</u>
1% decrease	<u>\$ 213</u>	<u>\$ 188</u>

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

	<u>December 31</u>	
	2019	2018
Discount rate	6.9%	7.9%
Dividend growth rate	1.4%	1.7%
Discount for lack of marketability	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:

	<u>December 31</u>	
	2019	2018
Discount for lack of marketability		
1% increase	<u>\$ (45,868)</u>	<u>\$ (37,599)</u>
1% decrease	<u>\$ 45,868</u>	<u>\$ 37,599</u>

c. Categories of financial instruments

	<u>December 31</u>	
	2019	2018
<u>Financial assets</u>		
FVTPL		
Mandatorily classified at FVTPL	\$ 259,102	\$ 249,590
Financial assets measured at amortized cost (1)	12,542,696	16,398,514
Financial assets at FVTOCI		
Equity instruments	8,979,954	7,738,224

(Continued)

	December 31	
	2019	2018
<u>Financial liabilities</u>		
FVTPL		
Held for trading	\$ -	\$ 139,460
Financial liabilities at amortized cost (2)	88,066,119	76,028,035 (Concluded)

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

d. Financial risk management objectives and policies

The risk control and hedging strategy performed by the Corporation were affected by operation environments, and the Corporation 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.

1) Market risk

The Corporation's financial instruments were mainly comprised of listed shares, and these investments were subject to fluctuations in market prices. The Corporation has periodically evaluated the investment's performance, and no significant market risk was anticipated.

a) Foreign currency risk

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

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency at the end of the reporting period are set out in Note 30.

The Corporation was mainly exposed to the USD. Regarding outstanding foreign monetary items, if there is a 1% increase or decrease in the NTD against the USD net income and equity for the years ended December 31, 2019 and 2018 would increase/decrease by \$5,960 thousand and \$17,818 thousand, respectively.

b) Interest rate risk

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

	December 31	
	2019	2018
Cash flow interest rate risk		
Financial assets	\$ 1,006,384	\$ 4,808,221
Financial liabilities	37,757,845	26,479,417

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

For the Corporation's 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 years ended December 31, 2019 and 2018 would increase/decrease by \$4,026 thousand and \$19,233 thousand, respectively.

For the Corporation's 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 years ended December 31, 2019 and 2018 would increase/decrease by \$151,031 thousand and \$105,918 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity instruments and commodities price risk through its investments in equity securities and funds. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. Sensitivity analyses were used for evaluating the exposure to equity price risks.

The sensitivity analyses below were based on the exposure of equity instruments/commodity price risk on the balance sheet date.

The sensitivity analyses were based on the exposure of equity instruments/commodities at the end of the reporting period. If equity instruments/commodities prices of financial assets at FVTPL had been 5% higher/lower, profit or loss for the year ended December 31, 2019 and 2018 would increase/decrease by \$12,893 thousand and \$12,480 thousand, respectively. If equity instruments/commodity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the nine months ended December 31, 2019 and 2018 would increase/decrease by \$448,998 thousand and \$386,911 thousand, respectively.

2) Credit risk

Potential impacts on financial assets would occur if the 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 Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation 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 Corporation transacted with a large number of customers from various industries and geographical locations. The Corporation continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Corporation required credit enhancements by bank guarantees or collateral for certain customers.

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

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation'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 December 31, 2019 and 2018, the amount of unused financing facilities was \$27,018,256 thousand and \$16,971,290 thousand, respectively.

The following table details the Corporation'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 Corporation 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.

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	\$ 177,527	\$ 2,600,408	\$ 1,182,326	\$ 30,371	\$ 3,441
Lease liabilities	53,258	28,927	208,270	628,332	504,809
Variable interest rate liabilities	1,151,806	13,902,659	1,696,008	22,154,062	-
Fixed interest rate liabilities	-	-	311,100	37,335,877	13,836,000
	<u>\$ 1,382,591</u>	<u>\$ 16,531,994</u>	<u>\$ 3,397,704</u>	<u>\$ 60,148,642</u>	<u>\$ 14,344,250</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 290,455</u>	<u>\$ 628,332</u>	<u>\$ 504,809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,698,464	\$ 1,654,819	\$ 744,935	\$ 7,207	\$ 3,112
Variable interest rate liabilities	12,573,672	461,417	182,529	14,257,104	-
Fixed interest rate liabilities	1,500,000	-	204,000	22,316,000	26,703,477
	<u>\$ 15,772,136</u>	<u>\$ 2,116,236</u>	<u>\$ 1,131,464</u>	<u>\$ 36,580,311</u>	<u>\$ 26,706,589</u>

27. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in other notes, details of transactions between the Corporation and other related parties are disclosed below.

a. Name of the related parties and relationship

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Ta-Ho Maritime Corporation (Ta-Ho Maritime)	Subsidiaries
Taiwan Transport & Storage Corporation (Taiwan Transport & Storage)	Subsidiaries
Taiwan Cement Engineering Corporation	Subsidiaries
Kuan-Ho Refractories Industry Corporation (Kuan-Ho Refractories Industry)	Subsidiaries
TCC Investment Corporation	Subsidiaries
TCC Chemical Corporation	Subsidiaries
TCC Information Systems Corporation (TCC Information Systems)	Subsidiaries
Taiwan Prosperity Chemical Corporation	Subsidiaries
Tung Chen Mineral Corporation	Subsidiaries
Jin Chang Minerals Corporation	Subsidiaries
Hoping Industrial Port Corporation	Subsidiaries
Ho-Ping Power Company	Subsidiaries
HPC Power Services Corporation	Subsidiaries
Feng Sheng Enterprise Company (Feng Sheng Enterprise)	Subsidiaries
E.G.C. Cement Corporation (E.G.C. Cement)	Subsidiaries
Union Cement Traders Inc.	Subsidiaries
Jurong TCC Cement Co., Ltd.	Subsidiaries
TCC Fuzhou Cement Co., Ltd.	Subsidiaries
Hong Kong Cement Company Ltd. (“HKCCL”)	Subsidiaries
TCC International Ltd. (“TCCI”)	Subsidiaries
TCC International Holdings Ltd. (“TCCIH”)	Subsidiaries
Ta-Ho Onyx RSEA Environment Co., Ltd.	Subsidiaries
TCC Green Energy Corporation	Subsidiaries
Ho Sheng Mining Co., Ltd. (Ho Sheng Mining)	Subsidiaries
Taiwan Cement (Dutch) Holdings B.V. (Taiwan Cement Dutch)	Subsidiaries
TCCMOLI Holdings (Singapore) Pte. Ltd.	Subsidiaries
TJ Transport Corporation	Second-tier Subsidiaries
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	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
Chinatrust Investment Co., Ltd.	Same key management personnel
Linyuan Advanced Materials Technology Co., Ltd.	Same key management personnel
Circular Commitment Company	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
Pan Asia Corporation	The Corporation acts as key management personnel
China Hi-Ment Corporation (China Hi-Ment)	The Corporation acts as key management personnel

(Continued)

<u>Related Party</u>	<u>Relationship with the Corporation</u>
O-Bank Co., Ltd.	The Corporation acts as key management personnel
Rong Gong Enterprise Co.	The Corporation acts as key management personnel
Ta-Ho Taitung Environment Co., Ltd. (Ta-Ho Taitung Environment)	The Corporation acts as key management personnel
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Corporation
Chia Hsin Cement Corporation (Chia Hsin Cement)	Management personnel in substance
Chia Hsin R.M.C. Corp. (Chia Hsin R.M.C.)	Management personnel in substance
The Koo Foundation	Management personnel in substance
L'Hotel de Chine Corporation	Management personnel in substance
FDC International Hotels Corporation-Sun Moon Lake	Management personnel in substance
Fortune Quality investment Limited	Management personnel in substance
Chia Hsin Property Management and Development Corp.	Management personnel in substance
International CSRC Investment Holdings Co., Ltd.	Associates
E-ONE Moli Energy Corporation	Associates
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Onyx Ta-Ho Waste Clearance Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd.	Associates
TCC Recycle Energy Technology Company	Associates

(Concluded)

b. Operating transactions

	<u>Operating Revenue</u>	
	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Subsidiaries	\$ 1,755,466	\$ 1,523,558
Management personnel in substance	480,709	516,859
The Corporation acts as key management personnel	162,970	137,473
Investors with significant influence over the Corporation	148,286	81,973
Associates	22,261	26,016
Others	<u>5,047</u>	<u>2,183</u>
	<u>\$ 2,574,739</u>	<u>\$ 2,288,062</u>
	<u>Operating Costs and Expenses</u>	
	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Subsidiaries	\$ 4,054,613	\$ 3,607,992
The Corporation acts as key management personnel	649,038	523,764
Management personnel in substance	68,917	48,580
Others	<u>18,761</u>	<u>333</u>
	<u>\$ 4,791,329</u>	<u>\$ 4,180,669</u>

Receivables from related parties

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Subsidiaries		
Feng Sheng Enterprise	\$ 123,566	\$ 96,635
E.G.C. Cement	99,885	106,653
HKCCL	63,529	21,744
TCCIH	37,079	41,849
Others	<u>4,948</u>	<u>11,820</u>
	<u>329,007</u>	<u>278,701</u>
Management personnel in substance		
Chia Hsin Cement	83,580	112,833
Others	<u>2,361</u>	<u>8,578</u>
	<u>85,941</u>	<u>121,411</u>
The Corporation acts as key management personnel	<u>64,992</u>	<u>32,995</u>
Others	<u>33,822</u>	<u>41,755</u>
	<u>\$ 513,762</u>	<u>\$ 474,862</u>

Payables to related parties

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Subsidiaries		
Ta-Ho Maritime	\$ 264,694	\$ 372,490
Ho Sheng Mining	102,207	32,292
Kuan-Ho Refractories Industry	66,986	111,417
Taiwan Transport & Storage	63,273	106,040
Others	<u>65,758</u>	<u>194,858</u>
	<u>562,918</u>	<u>817,097</u>
The Corporation acts as key management personnel		
China Hi-Ment	<u>141,757</u>	<u>164,614</u>
Others	<u>4,796</u>	<u>5,947</u>
	<u>\$ 709,471</u>	<u>\$ 987,658</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 general condition.

c. Other receivables from related parties (included in other current assets)

	December 31	
	2019	2018
The Corporation acts as key management personnel		
Ta-Ho Taitung Environment	\$ 341,280	\$ -
Others	<u>4</u>	<u>-</u>
	<u>341,284</u>	<u>-</u>
Subsidiaries		
TCCI	12,043	21,022
TCCIH	7,841	5,990
Others	<u>12,011</u>	<u>12,023</u>
	<u>31,895</u>	<u>39,035</u>
Others	<u>5,578</u>	<u>7,168</u>
	<u>\$ 378,757</u>	<u>\$ 46,203</u>

Other receivables from related parties included interest and fees receivable.

d. Other payables to related parties (included in other current liabilities)

	December 31	
	2019	2018
Subsidiaries		
TCC Information Systems Corporation	\$ 38,600	\$ -
Others	<u>1,879</u>	<u>487</u>
	<u>40,479</u>	<u>487</u>
Others	<u>3,049</u>	<u>2,819</u>
	<u>\$ 43,528</u>	<u>\$ 3,306</u>

e. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2019	2018
Management personnel in substance		
Chia Hsin R.M.C.	<u>\$ -</u>	<u>\$ 25,000</u>

f. Endorsements and guarantees

	2019	2018
Subsidiaries		
TCCI	\$ 2,038,640	\$ 1,474,320
Others	<u>3,378,815</u>	<u>2,959,814</u>
	<u>\$ 5,417,455</u>	<u>\$ 4,434,134</u>

g. Lease arrangements

Related Party Category	December 31	
	2019	2018
<u>Acquisition of right-of-use assets</u>		
Management personnel in substance	\$ <u>51,767</u>	\$ <u>-</u>

Line Item	Related Party Category	December 31	
		2019	2018
Lease liabilities	Subsidiaries	\$ 294,361	\$ -
	Management personnel in substance	<u>39,177</u>	<u>-</u>
		\$ <u>333,538</u>	\$ <u>-</u>

Related Party Category	For the Year Ended December 31	
	2019	2018
<u>Interest expense</u>		
Subsidiaries	\$ 5,604	\$ -
Management personnel in substance	<u>432</u>	<u>-</u>
	\$ <u>6,036</u>	\$ <u>-</u>

h. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 376,328	\$ 346,198
Post-employment benefits	1,621	14,225
Share-based payment	<u>826</u>	<u>45,448</u>
	\$ <u>378,775</u>	\$ <u>405,871</u>

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for performance bonds and other credit accommodations:

	December 31	
	2019	2018
Property, plant and equipment	\$ 157,453	\$ 57,569
Pledged bank deposits (included in other non-current assets)	<u>328,833</u>	<u>329,059</u>
	\$ <u>486,286</u>	\$ <u>386,628</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2019 and 2018, the balances of letters of credit for the purchase of raw materials were \$155,377 thousand and \$388,405 thousand, respectively.
- b. As of December 31, 2019 and 2018, the amounts of letters of guarantee issued by banks for the Corporation were \$22,120 thousand and \$22,120 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Corporation's functional currency and the exchange rates between such foreign currencies and the Corporation's functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 34,283	29.98 (USD:NTD)	\$ <u>1,027,804</u>
Non-monetary items			
USD	57,776	29.98 (USD:NTD)	\$ 1,732,132
HKD	39,861,517	3.849 (HKD:NTD)	153,426,980
EUR	825,567	33.59 (EUR:NTD)	<u>27,730,794</u>
			<u>\$ 182,889,906</u>
<u>Financial liabilities</u>			
Monetary items			
USD	9,433	29.98 (USD:NTD)	\$ <u>282,810</u>

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 73,822	30.715 (USD:NTD)	\$ <u>2,267,443</u>
Non-monetary items			
USD	53,148	30.715 (USD:NTD)	\$ 1,632,435
HKD	29,064,612	3.921 (HKD:NTD)	113,962,344
EUR	837,258	35.2 (EUR:NTD)	<u>29,471,481</u>
			<u>\$ 145,066,260</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,310	30.715 (USD:NTD)	\$ <u>40,248</u>

31. 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) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the share capital (Table 5)
 - 6) Disposals 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 6)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 7)
 - 9) Trading in derivative instruments (Notes 7, 16 and 26)
 - 10) Information on investees (Table 8)
- b. Information on investments in mainland China (Table 9)
 - 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 balance during the year, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of service.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIODS

- a. The Corporation passed the resolution to issue unsecured bonds in the board of directors' meeting in February 2020, and the total issuance amount will not exceed \$30 billion. The unsecured bonds will be issued in one or several installments subject to the market conditions.
- b. On March 20, 2020, the Corporation has resolved to purchase its ordinary shares at a price between NT\$25.90 and NT\$61.95 per share and with \$495,600 thousand as the upper limit of the total amount of shares to be repurchased from the centralized securities trading market. The Corporation expects to repurchase 8,000 thousand shares.

TABLE 1

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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)	Aggregate Financing Limit (Note)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	Tai-Jie Transport & Storage Corporation	Other receivables - related parties	Yes	\$ 100,000	\$ 100,000	\$ 91,000	1.51	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	1.51	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	330,000	330,000	1.58	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	1.54	The need for short-term financing	-	Operating capital	-		-	300,323	300,323	
4	TCC Green Energy Corporation	TCC Kao-Cheng Green Energy Corporation	Other receivables - related parties	Yes	5,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,245,151	1,245,151	
		TCC LIEN-HSIN Green Energy Corporation	Other receivables - related parties	Yes	5,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,245,151	1,245,151	
5	TCCI	TCCIH	Other receivables - related parties	Yes	3,792,000	3,597,600	1,648,900	3.09	The need for short-term financing	-	Operating capital	-		-	103,716,200	207,432,400	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	945,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	15,187,762	30,375,524	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	1,074,509	982,881	982,881	3.05	The need for short-term financing	-	Operating capital	-		-	15,187,762	30,375,524	
7	TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	1,357,275	1,241,533	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	306,329	280,207	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	1,319,573	1,207,046	-	-	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	706,914	646,632	387,979	3.48	The need for short-term financing	-	Operating capital	-		-	25,421,520	50,843,040	
8	TCC Yingde Cement Co., Ltd.	TCC (Hangzhou) Environmental Protection Technology Co., Ltd.	Other receivables - related parties	Yes	1,295,364	1,224,290	1,224,290	3.48	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	235,638	215,544	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	235,638	215,544	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC (Dong Guan) Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC Chongqing Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	706,914	646,632	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	848,297	775,958	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	

(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)	Aggregate Financing Limit (Note)	Note
													Item	Value			
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	\$ 942,552	\$ 862,176	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 25,127,335	\$ 50,254,670	
		TCC Guangan Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	43,109	3.48	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	133,637	3.48	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC Liaoning Cement Company Limited.	Other receivables - related parties	Yes	235,638	215,544	172,435	3.48	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
		TCC Shaoguan Cement Co., Ltd.	Other receivables - related parties	Yes	349,170	319,395	319,395	3.48	The need for short-term financing	-	Operating capital	-		-	25,127,335	50,254,670	
9	TCC Fuzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	235,638	215,544	-	-	The need for short-term financing	-	Operating capital	-		-	943,877	2,831,631	
		TCC New (Hangzhou) Management Company Limited.	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	943,877	2,831,631	
		TCC Liaoning Cement Company Limited.	Other receivables - related parties	Yes	329,893	301,762	129,326	3.48	The need for short-term financing	-	Operating capital	-		-	943,877	2,831,631	
10	TCCIH	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	251,205	237,067	237,067	-	The need for short-term financing	-	Operating capital	-		-	128,873,427	257,746,854	
11	Prime York Ltd.	Upper Value Investment Limited	Other receivables - related parties	Yes	205,428	196,299	196,299	-	The need for short-term financing	-	Operating capital	-		-	3,016,104	6,032,208	
12	Jurong TCC Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Guangan Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	706,914	646,632	-	-	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Chongqing Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Huaihua Concrete Company Limited	Other receivables - related parties	Yes	141,383	129,326	34,487	3.48	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	329,893	301,762	94,839	3.48	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	329,893	301,762	280,207	3.48	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	1,413,828	1,293,264	1,228,601	3.48	The need for short-term financing	-	Operating capital	-		-	14,285,599	28,571,198	
13	TCC Anshun Cement Company Limited.	Anshun Xin Tai Construction Materials Company Limited	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	-	-	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	-	-	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	-	-	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		TCC Chongqing Cement Company Limited	Other receivables - related parties	Yes	942,552	862,176	-	-	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	282,766	258,653	237,098	3.48	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	706,914	646,632	646,632	3.48	The need for short-term financing	-	Operating capital	-		-	7,442,985	14,885,970	
14	TCC Guangan Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	4,742,171	9,484,342	
		TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	4,742,171	9,484,342	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	86,218	3.48	The need for short-term financing	-	Operating capital	-		-	4,742,171	9,484,342	

(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)	Aggregate Financing Limit (Note)	Note
													Item	Value			
15	TCCI Development Ltd	TCCIH	Other receivables - related parties	Yes	\$ 292,073	\$ 280,977	\$ 280,977	2.23	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 644,250	\$ 644,250	
16	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	63,167	60,360	60,360	-	The need for short-term financing	-	Operating capital	-		-	3,771,331	7,542,662	
17	TCC Chongqing Cement Company Limited.	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	117,819	107,772	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	141,383	129,326	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	235,638	215,544	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	235,638	215,544	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		TCC Guangan Cement Company Limited	Other receivables - related parties	Yes	471,276	431,088	-	-	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	43,109	3.48	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	706,914	646,632	529,807	3.48	The need for short-term financing	-	Operating capital	-		-	8,158,740	16,317,480	
18	TCC New (Hangzhou) Management Company Limited.	Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	37,702	34,487	-	-	The need for short-term financing	-	Operating capital	-		-	519,600	1,039,200	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	292,191	267,275	181,057	3.48	The need for short-term financing	-	Operating capital	-		-	519,600	1,039,200	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	259,202	237,098	189,679	3.48	The need for short-term financing	-	Operating capital	-		-	519,600	1,039,200	
19	Prosperity Minerals (China) Limited	TCC New (Hangzhou) Management Company Limited.	Other receivables - related parties	Yes	375,827	343,779	343,779	-	The need for short-term financing	-	Operating capital	-		-	934,136	1,868,272	
20	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	-	-	The need for short-term financing	-	Operating capital	-		-	621,455	1,242,911	
21	Ta-Ho Taitung Environment Co., Ltd.	Onyx Ta-Ho Energy Recovery Co., Ltd.	Other receivables - related parties	Yes	118,800	-	-	-	The need for short-term financing	-	Operating capital	-		-	136,512	136,512	
22	Hong Kong Cement Co., Ltd.	TCCIH	Other receivables - related parties	Yes	514,209	496,649	496,649	2.16	The need for short-term financing	-	Operating capital	-		-	876,765	1,753,530	
23	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Kaili TCC Environment Technology Co., Ltd.	Other receivables - related parties	Yes	172,435	172,435	-	-	The need for short-term financing	-	Operating capital	-		-	3,722,084	7,444,168	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	141,383	129,326	86,218	3.48	The need for short-term financing	-	Operating capital	-		-	3,722,084	7,444,168	
24	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	2,879,697	5,759,394	
25	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	94,255	86,218	-	-	The need for short-term financing	-	Operating capital	-		-	2,874,737	5,749,474	

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

1. 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.

2. 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 Co., Ltd. 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.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	Jin Chang Minerals Corporation	b	\$ 96,842,034	\$ 68,848	\$ 68,848	\$ 39,814	\$ 39,814	0.04	\$ 193,684,068	Y	N	N	
		Ho Sheng Mining Co., Ltd.	b	96,842,034	99,884	99,884	99,884	99,884	0.05	193,684,068	Y	N	N	
		Union Cement Traders Inc.	b	96,842,034	1,420,000	1,420,000	900,000	-	0.73	193,684,068	Y	N	N	
		TCC Chemical Corporation	b	96,842,034	1,499,117	1,499,117	499,117	-	0.77	193,684,068	Y	N	N	
		TCC Investment Corporation	b	96,842,034	2,570,000	2,570,000	1,840,000	-	1.33	193,684,068	Y	N	N	
		TCCI	b	96,842,034	29,735,600	28,211,180	2,038,640	-	14.57	193,684,068	Y	N	N	
		OYAK CEMENT PORTUGAL S.A.	f	96,842,034	3,160,000	2,998,000	-	-	1.55	193,684,068	N	N	N	
1	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	c	711,398	137,462	137,462	137,462	-	57.97	711,398	N	Y	N	
2	TCC Green Energy Corporation	TCC Chemical Corporation	a	3,112,879	6,117	6,117	6,117	-	0.20	3,112,879	N	N	N	
3	TCCIH	Scitus Luzhou Cement Co., Ltd.	b	64,436,714	948,000	-	-	-	-	128,873,427	Y	N	Y	
		TCC Fuzhou Cement Co., Ltd.	b	64,436,714	1,245,803	1,149,240	-	-	0.89	128,873,427	Y	N	Y	
		TCC Anshun Cement Company Limited	b	64,436,714	706,914	646,632	-	-	0.50	128,873,427	Y	N	Y	
		TCC Liaoning Cement Company Limited	b	64,436,714	943,914	871,482	-	-	0.68	128,873,427	Y	N	Y	
		Guizhou Kong On Cement Company Limited	b	64,436,714	319,160	302,798	-	-	0.23	128,873,427	Y	N	Y	
		TCC Guangan Cement Company Ltd.	b	64,436,714	12,109,041	8,187,912	2,028,891	-	6.35	128,873,427	Y	N	Y	
		TCC Chongqing Cement Company Limited	b	64,436,714	1,913,571	1,779,408	-	-	1.38	128,873,427	Y	N	Y	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	b	64,436,714	632,000	599,600	-	-	0.47	128,873,427	Y	N	Y	
		Jurong TCC Cement Co., Ltd.	b	64,436,714	3,436,309	2,790,730	-	-	2.17	128,873,427	Y	N	Y	
TCC Yingde Cement Co., Ltd.	b	64,436,714	2,774,372	2,257,332	-	-	1.75	128,873,427	Y	N	Y			

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

- a. 1) For endorsements/guarantees given by Taiwan Cement Corporation due to business transactions, the amount of endorsement/guarantee should not exceed 50% of the business transaction amounts in the previous year.
- 2) Except for 1) the aggregate endorsements/guarantees given by Taiwan Cement Corporation should not exceed the net equity in its latest financial statements; for individual companies, it should not exceed 50% of the net equity in its latest financial statements.
- b. Ho Sheng Mining Co., Ltd. is guaranteed by land use lease agreements.
- c. Jin Chang Minerals Corporation is guaranteed by deposit contracts.

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

(Continued)

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note	
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Taiwan Cement Corporation	<u>Ordinary shares</u>								
	Chien Kuo Construction Co., Ltd.	-	FVTPL - current	7,522	\$ 80,864	-	\$ 80,864		
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	96,909	-	96,909		
	Chinatrust Financial Holding Co., Ltd.	-	FVTPL - current	3,576	80,094	-	80,094		
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	30,196	1,518,867	-	1,518,867		
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	62,421	905,098	-	905,098		
	CTCI Corporation	-	FVTOCI - current	9,054	344,971	-	344,971		
	Chia Hsin Cement Corporation	Directors	FVTOCI - current	27,419	612,824	-	612,824		
	O-Bank	The Corporation serves as director	FVTOCI - current	29,719	232,105	-	232,105		
	IBT II Venture Capital Corporation	-	FVTOCI - non-current	2,626	14,510	8.3	14,510		
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	FVTOCI - non-current	3,390	14,713	4.0	14,713		
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	29,553	1,174,715	9.4	1,174,715		
	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	4,121,823	6.6	4,121,823		
	Excel Corporation	-	FVTOCI - non-current	600	-	9.5	-		
		<u>Preference shares</u>							
		O-Bank	The Corporation serves as director	FVTOCI - current	2,956	31,332	-	31,332	
Taiwan Transport & Storage Corporation	<u>Ordinary shares</u>								
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,632	192,915	-	192,915		
TCC Investment Corporation	<u>Ordinary shares</u>								
	O-Bank	The Corporation serves as director	FVTOCI - current	21,934	171,304	-	171,304	21,000 thousand shares were pledged	
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	11,941	173,138	-	173,138		
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,334	186,262	-	186,262	7,000 thousand shares were pledged	
	China Conch Venture Holdings Limited	-	FVTOCI - non-current	28,000	3,664,248	-	3,664,248		
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,884	432,633	3.5	432,633		
	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	23,125	-	23,125		
Ta-Ho Maritime Corporation	<u>Ordinary shares</u>								
	Prosperity Dielectrics Co., Ltd.	-	FVTPL - current	951	67,630	-	67,630		
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	575,764	-	575,764		
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	6,612	262,814	2.1	262,814		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Engineering Corporation	<u>Beneficiary certificates</u> Capital Money Market Fund	-	FVTPL - current	2,930	\$ 47,456	-	\$ 47,456	
TCC Chemical Corporation	<u>Ordinary shares</u> Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,757	235,358	-	235,358	
Taiwan Prosperity Chemical Corporation	<u>Ordinary shares</u> Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	78,462	1,137,697	-	1,137,697	
Hoping Industrial Port Corporation	<u>Ordinary shares</u> Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	415,137	3.3	415,137	
E.G.C. Cement Corporation	<u>Beneficiary certificates</u> Nomura Taiwan Money Market UPAMC James Bond Money Market Fund Tai Shin 1699 Money Market Fund	- - -	FVTPL - current FVTPL - current FVTPL - current	4,117 1,503 2,588	67,437 25,221 35,159	- - -	67,437 25,221 35,159	
	<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. CTCI Corporation Chia Hsin Cement Corporation Videoland Inc.	- - Director of parent company -	FVTOCI - current FVTOCI - current FVTOCI - current FVTOCI - non-current	27,574 13,365 7,441 6,437	399,818 509,219 166,306 290,909	- - - 5.6	399,818 509,219 166,306 290,909	
TCCI (Group)	<u>Ordinary shares</u> Anhui Conch Cement Co., Ltd. Yargoan Co., Ltd.	- -	FVTOCI - non-current FVTOCI - non-current	116,568 19	25,484,469 -	- 12.5	25,484,469 -	

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: See Tables 8 and 9 for the information of investments in subsidiaries, associates and joint ventures.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustment (Note 1)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain/Loss on Disposal (Note 4)		Shares/Units (In Thousands)	Amount
Taiwan Cement Corporation	Shares E-ONE Moli Energy Corporation	Investments accounted for using the equity method	-	Associates	48,127	\$ 523,197	50,313	\$ 503,133	98,440 (Note 2)	\$ -	\$ 1,006,394	\$ -	\$ (19,936)	-	\$ -
Taiwan Cement Corporation	TCC Recycle Energy Technology Company	Investments accounted for using the equity method	-	Associates	-	-	117,364	1,347,594 (Note 3)	-	-	-	-	(54,119)	117,364	1,293,475
Taiwan Cement Corporation	Ta-Ho Taitung Environment (Note 4)	Investments accounted for using the equity method	-	The Group acts as key management personnel	37,100	297,188	-	-	37,100	341,280	341,280	-	44,092	-	-
Taiwan Cement Corporation	TCC Green Energy Corporation	Investments accounted for using the equity method	-	Subsidiaries	150,897	1,529,333	170,000	1,700,000 (Note 5)	-	-	-	-	(65,302)	320,899	3,164,031
Ta-Ho Maritime Holdings	THC International S.A.	Investments accounted for using the equity method	-	Subsidiaries	2,010	2,638,664	28,300	874,753 (Note 6)	-	-	-	-	(42,812)	30,310	3,470,605
TCC Green Energy Corporation	Chang-Wang Wind Power Co., Ltd.	Investments accounted for using the equity method	-	Subsidiaries	12,000	119,670	60,000	600,000 (Note 7)	-	-	-	-	(47,128)	72,000	672,542
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation	Investments accounted for using the equity method	-	Subsidiaries	20,200	173,817	55,000	550,000 (Note 7)	-	-	-	-	(15,050)	75,200	708,767

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

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

Note 3: In the fourth quarter of 2019, the Corporation chose to fully convert the ordinary shares of E-ONE Moli Energy Corp. into the preferred shares A of TCC Recycling Energy Company, and converted the preferred shares into ordinary shares at the ratio of 1:1 in accordance with the terms and conditions for the issuance of preferred shares.

Note 4: Ta-Ho Taitung Environment was in the process of liquidation in December 2019.

Note 5: In November 2019, Taiwan Cement Corporation increased its investment in the capital of TCC Green Energy Corporation.

Note 6: In July 2019, the board of directors of Ta-Ho Maritime Holdings resolved to increase its capital investment of THC International S.A.

Note 7: TCC Green Energy Corporation successively increased its investment in the capital of Chang-Wang Wind Power Co., Ltd. and TCC Chia-Chien Green Energy Corporation in 2019.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Taiwan Cement Corporation	Ready mixed concrete plant and its land in Hsinchu	2019.11.12	\$ 421,971	By negotiation and paid in progress	Han-Song Gravel Processing Industrial Corporation Limited and an individual	Neither are related-parties	-	-	-	\$ -	Negotiate according to the appraised result made by Great Eastern Real Estate Appraiser Office	Expand operating position	None

Note: Part of the payment for the above transaction was paid in February 2020.

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 YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Director of the Corporation	Sales	\$ (463,073)	(2)	65 days after the day delivery was made	\$ -	-	\$ 83,580	16	
	Goldsun Development & Construction Co., Ltd. HKCCL	Investors with significant influence over the Group Subsidiary	Sales	(148,286)	(1)	70 days	-	-	31,978	6	
			Sales	(313,812)	(2)	65 days after the day shipment was made	-	-	63,529	12	
	Feng Shang Enterprise Company Limited	Subsidiary	Sales	(449,485)	(2)	30 days	-	-	123,566	24	
			Purchases	230,190	1	30 days	-	-	(16,121)	(2)	
	TCCIH	Subsidiary	Service revenue	(456,320)	(2)	By contract	-	-	37,079	7	
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	539,481	3	30 days	-	-	(63,273)	(14)	
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	647,243	4	60 days	-	-	(141,757)	(20)	
	Hoping Industrial Port Corporation	Subsidiary	Sales	(134,212)	(1)	60 days	-	-	42,585	8	
			Purchases	507,458	3	20 days	-	-	(29,017)	(4)	
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	1,414,140	8	30 days	-	-	(264,694)	(37)	
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	248,324	1	By contract	-	-	(66,986)	(9)	
	E.G.C. Cement Corporation	Subsidiary	Sales	(433,388)	(2)	50 days after the day delivery was made	-	-	99,885	19	
	Jin Chang Minerals Corporation	Subsidiary	Purchases	413,373	2	30 days	-	-	(3,238)	-	
Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	587,699	3	30 days	-	-	(102,207)	(14)		
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(413,373)	(100)	30 days	-	-	3,238	100	
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(587,699)	(91)	30 days	-	-	102,207	99	
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(248,324)	(18)	By contract	-	-	66,986	87	
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	433,388	100	50 days after the day delivery was made	-	-	(99,885)	(100)	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	\$ 1,114,272	16	20 days	\$ -	-	\$ (97,104)	(49)	
	HPC Power Service Corporation	The same parent company	Purchases	472,539	7	By contract	-	-	(95,500)	(49)	
Hoping Industrial Port Corporation	Ho-Ping Power Company	The same parent company	Sales	(1,114,272)	(68)	20 days	-	-	97,104	75	
	Taiwan Cement Corporation	Parent company	Sales	(507,458)	(31)	20 days	-	-	29,017	23	
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	194,833	78	30 days	-	-	(17,363)	(86)	
Feng Shang Enterprise Company Limited	Taiwan Cement Corporation	Parent company	Sales	(230,190)	(8)	30 days	-	-	16,121	100	
			Purchases	449,485	16	30 days	-	-	(123,566)	(100)	
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(539,481)	(40)	30 days	-	-	63,273	53	
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(206,997)	(15)	By contract	-	-	23,458	20	
	Hoping Industrial Port Corporation	The same parent company	Sales	(194,833)	(14)	30 days	-	-	17,363	15	
	Linyuan Advanced Materials Technology Co., Ltd.	The same chairman	Sales	(133,365)	(10)	30 days	-	-	13,385	11	
Taiwan Prosperity Chemical Corporation	Taiwan Transport & Storage Corporation	The same parent company	Purchases	206,997	2	By contract	-	-	(23,458)	(30)	
	Linyuan Advanced Materials Technology Co., Ltd.	The same chairman	Purchases	130,308	1	15 days	-	-	(7,057)	(1)	
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(472,539)	(100)	By contract	-	-	95,500	100	
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Freight revenue	(1,414,140)	(48)	30 days	-	-	264,694	100	
			Rental expense	197,061	8	By negotiation	-	-	(29,506)	(89)	
THC International S.A	Ta-Ho Maritime Corporation	Parent company	Rental revenue	(197,061)	(68)	By negotiation	-	-	29,506	100	
HKCCL	Quon Hing Concrete. Ltd.	Associates	Sales	(297,123)	(58)	By negotiation	-	-	75,336	64	
	Taiwan Cement Corporation	Parent company	Purchases	313,812	85	65 days after the day shipment was made	-	-	(63,529)	(98)	
TCC (Guigang) Cement Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	481,798	6	By negotiation	-	-	(176,734)	(39)	
	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	475,715	6	By negotiation	-	-	(131,813)	(29)	
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	307,411	4	By negotiation	-	-	(113,547)	(7)	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	\$ (475,715)	(94)	By negotiation	\$ -	-	\$ 131,252	100	
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(481,798)	(35)	By negotiation	-	-	176,734	60	
	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(307,411)	(23)	By negotiation	-	-	113,547	38	
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	456,320	100	By contract	-	-	(37,079)	(99)	
Yingde Dragon Mountain Cement Co., Ltd.	Prosperity Conch Cement Company Limited	Associates	Purchases	108,753	2	By negotiation	-	-	(11,792)	(3)	

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	\$ 264,694	4.4	\$ -	-	\$ 264,493	\$ -
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	102,207	8.7	-	-	102,207	-
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	176,734	4.2	-	-	176,734	-
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	131,252	4.4	-	-	131,252	-
Guigang Da-Ho Shipping Co., Ltd.	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	113,547	3.6	-	-	111,600	-
Taiwan Cement Corporation	Feng Sheng Enterprise Company	Subsidiary	123,566	4.1	-	-	119,443	-
Taiwan Cement Corporation	Ta-Ho Taitung Environment Co., Ltd.	Parent company has significant influence	341,280	(Note)	-	-	-	-

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 33,774,761	\$ 33,774,761	1,100,876	100.00	\$ 103,716,200	\$ 12,714,156	\$ 12,714,156	
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	805,940	59.50	17,378,914	5,535,574	3,293,666	
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,703,414	769,344	769,319	
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	130,514	64.79	2,575,734	369,852	239,617	
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	992,173	992,173	116,791	40.00	658,029	(2,013,070)	(805,235)	
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,965,859	188,977	158,449	
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	107,355	100.00	4,451,678	112,619	112,618	
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining excavation	1,414,358	1,414,358	30,100	100.00	1,181,433	112,015	112,016	
	CCC USA Corp.	U.S.A.	Rubber raw materials	1,284,421	1,284,421	79	33.33	1,724,538	437,008	145,669	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	732,796	20,400	21,586	
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	30,176	50.00	818,277	791,400	395,701	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	450,426	88,233	84,076	
	Feng Sheng Enterprise Company Limited	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	362,317	72,874	33,110	
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	1,510,842	240,000	100.00	1,255,735	73,325	270,481	
	Ta-Ho Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	-	-	-	44,092	44,092	Liquidation process was in progress
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	238,516	10,734	10,665	
	Ta-Ho RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	193,848	(9,885)	(6,583)	
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	378,032	73,785	62,462	
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	3,146,046	1,446,046	320,899	100.00	3,164,031	(65,302)	(65,302)	
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	178,884	40,299	40,299	
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	113,640	190,711	114,427	
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	112,235	24,863	12,592	
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,881	237	59	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,311	(42)	(41)	
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	
	TCCIH	Cayman Islands	Investment holding	40,701,671	40,701,671	2,581,832	38.28	49,332,748	18,186,515	6,961,798	
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	-	481,811	-	-	-	(425,691)	(18,472)	Note 1
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	3,563,397	3,563,397	153,477	15.59	5,112,794	1,027,770	160,185	
	Taiwan Cement Dutch	Netherlands	Investment holding	29,470,972	29,470,972	831	100.00	27,952,597	(54,395)	(54,395)	
TCCMOLI	Singapore	Investment holding	1,239	-	30	100.00	713	193	193		
TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	1,190,225	-	117,364	18.19	1,293,475	(299,195)	(53,661)	Note 1	
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	301,524	300,507	58,836	29.21	1,161,144	369,852	107,949	
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	136,476	7,857	49.36	138,760	24,863	12,271	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	-	87,463	-	-	-	(4,439)	(551)	Liquidation process was in progress
	Tai-Jie Transport & Storage Corporation	Taiwan	Transportation	25,000	-	2,500	100.00	25,874	874	874	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Shares/Units (In Thousands)	%	Carrying Amount			
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	\$ 219,450	\$ 219,450	21,945	100.00	\$ 856,677	\$ 28,768	\$ 28,768	
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	6,773	0.50	142,574	5,535,574	27,678	
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	10,528	658	0.23	3,707	(2,013,070)	(4,537)	
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	38	0.02	745	369,852	69	
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	-	172,648	-	-	-	(425,691)	(6,935)	Note 1
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	388,079	387,920	22,009	2.23	726,789	1,027,770	22,929	
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	312,833	-	31,860	4.94	220,002	(299,195)	(14,435)	Note 1
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	325,995	325,995	10,300	100.00	4,272,640	190,974	190,974	
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	-	30,952	-	-	-	(6,150)	(206)	Liquidation process was in progress
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	-	7,943	-	-	-	(4,439)	(51)	Liquidation process was in progress
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	48,839	(484)	(484)	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	49,882	49,882	2,055	0.21	67,920	1,027,770	2,145	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	37,609	(2,013,070)	(46,021)	
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	-	60,673	-	-	-	(425,691)	(2,546)	Note 1
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	112,898	-	11,696	1.81	80,762	(299,195)	(5,299)	Note 1
E.G.C. Cement Corporation	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	-	110,128	-	-	-	(6,150)	(730)	Liquidation process was in progress
Union Cement Traders Inc.	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	-	34,203	-	-	-	(6,150)	(227)	Liquidation process was in progress
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	261	0.67	15,723	188,977	1,267	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	-	2,552	-	-	-	(4,439)	(113)	Liquidation process was in progress
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	-	161,605	-	-	-	(425,691)	(6,683)	Note 1
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	281,806	281,806	11,464	1.16	378,797	1,027,770	11,965	
	TCC Recycle Energy Technology Company	Taiwan	Manufacturing and sale of batteries, power generation machinery, electronic components, etc.	298,046	-	30,703	4.76	212,014	(299,195)	(13,911)	Note 1
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Taiwan	Renewable energy generation	-	1,000	-	100.00	998	(2)	(2)	
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation	Taiwan	Renewable energy generation	752,000	202,000	75,200	100.00	708,767	(15,050)	(15,050)	
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	25,000	2,500	100.00	22,572	(310)	(310)	
	TCC Lien-Shen Green Energy Corporation	Taiwan	Renewable energy generation	12,000	12,000	1,200	100.00	9,090	(277)	(277)	
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	5,000	500	100.00	2,456	(32)	(32)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Shares/Units (In Thousands)	%	Carrying Amount			
	TCC Kao Cheng Green Energy Corporation	Taiwan	Renewable energy generation	\$ 12,000	\$ 12,000	\$ 1,200	100.00	\$ 9,901	\$ (46)	\$ (46)	
	TCC Nan Chung Green Energy Corporation	Taiwan	Renewable energy generation	170,000	20,000	17,000	100.00	167,742	(210)	(210)	
	Chang-Wang Wind Power Co., Ltd.	Taiwan	Renewable energy generation	720,000	120,000	72,000	100.00	672,542	(47,128)	(47,128)	
	TCC Ping-Zhi Green Energy Corporation	Taiwan	Renewable energy generation	2,000	-	200	100.00	1,955	(45)	(45)	
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	908,694	61,737	30,310	100.00	3,470,605	47,105	47,105	Note 2
	Sheng Ho Maritime S.A.	Panama	Marine transportation	-	61,737	-	-	-	39,173	39,173	
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	152,898	156,647	5,100	100.00	718,111	92,363	92,363	
	Chi Ho Maritime S.A.	Panama	Marine transportation	-	199,955	-	-	-	8,295	8,295	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	2,998	3,072	100	100.00	72,791	394	394	Note 2
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	171,246	174,449	100	50.00	160,245	(100,293)	(50,146)	Liquidation process was in progress Note 3
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	-	148,554	-	-	-	(4,439)	(786)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	26,258	26,749	129	31.50	179,471	35,113	(34,487)	
Taiwan Cement Dutch	Cimpor Global Holdings B.V.	Netherlands	Holding company	29,380,273	29,152,614	100	40.00	27,832,897	348,035	(8,286)	

Note 1: The Group established TCC Recycling Energy Company with a capital increase of \$1,000 thousand in June 2019. As the Group invested \$340,200 thousand in TCC Recycle Energy Technology Company during their capital increase in August 2019 not based on its existing ownership percentage, 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 for conversion into the 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. The preferred shares were fully converted 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 of TCC Recycling Energy Company increased from 28.8% to 29.7%.

Note 2: Sheng Ho Maritime S.A. and Chi Ho Maritime S.A. completed liquidation in August and September 2019, respectively.

Note 3: In May 2019, TCC International Ltd. (Group) transferred shares of Chia Huan Tung Cement Corporation to Union Cement Traders Inc.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

A.

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2019 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	\$ 449,700	(a)	\$ 152,898	\$ -	\$ -	\$ 152,898	\$ -	-	\$ -	\$ -	\$ -	
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	487,175	(a)	275,254	-	-	275,254	66,216	100.00	66,216	943,877	-	
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	149,900	(a)	84,694	-	-	84,694	(9,587)	100.00	(9,587)	266,799	-	
TCC Liuzhou Construction Materials Co., Ltd.	Manufacturing and sale of slag powder	404,730	(a)	97,135	-	-	97,135	66,304	42.00	27,848	398,109	-	
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,626,912	(a)	4,765,651	-	-	4,765,651	5,101,724	100.00	5,101,724	25,127,335	-	
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	6,985,340	(a)	4,077,130	-	-	4,077,130	2,380,758	100.00	2,380,758	14,285,599	-	
TCC (Guigang) Cement Ltd.	Manufacturing and sale of cement	9,979,619	(a)	7,138,235	-	-	7,138,235	4,224,275	100.00	4,224,275	25,421,520	-	
Jiangsu TCC Investment Co., Ltd.	Investment	1,499,000	(a)	846,935	-	-	846,935	509,006	100.00	509,006	3,203,386	-	
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,843,014	(a)	3,256,821	-	-	3,256,821	2,543,457	100.00	2,543,457	15,187,762	-	
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,597,155	(a)	1,336,553	-	-	1,336,553	25,153	100.00	25,153	1,648,482	-	
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,601,630	(a)	3,352,543	-	-	3,352,543	187,054	100.00	187,054	7,442,985	-	
TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	3,537,640	(a)	2,557,934	-	-	2,557,934	1,607,207	100.00	1,607,207	8,158,740	-	
TCC Guangan Cement Company Limited	Manufacturing and sale of cement	2,308,160	(a)	1,675,743	-	-	1,675,743	975,263	100.00	975,263	4,742,171	-	
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	599,600	(a)	338,774	-	-	338,774	11,435	100.00	11,435	322,952	-	
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	608,594	(a)	274,322	-	-	274,322	(34,861)	65.00	(22,659)	495,964	-	
TCC New (Hangzhou) Management Company Limited.	Operation management	239,840	(a)	135,510	-	-	135,510	(21,522)	100.00	(21,522)	173,200	-	
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,677,488	(a)	1,072,516	-	-	1,072,516	112,473	100.00	112,473	3,722,084	-	
TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	1,199,200	(a)	1,068,787	872,418	-	1,941,205	(15,748)	100.00	(15,748)	1,947,356	-	
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,089,233	(a)	3,081,679	-	-	3,081,679	657,388	100.00	657,388	3,604,064	-	
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	400,365	(a)	5,641,295	-	-	5,641,295	287,815	100.00	287,815	2,879,697	-	
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	43,050	(a)	-	-	-	-	128,153	100.00	128,153	1,409,887	-	
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	43,050	(a)	-	-	-	-	300	100.00	300	50,254	-	
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	119,920	(a)	374,957	-	-	374,957	(788)	100.00	(788)	262,828	-	
TCC Yingde Mining Industrial Company Limited	Mining excavation	344,770	(a)	271,249	-	-	271,249	12,599	100.00	12,599	450,854	-	
TCC Guigang Mining Industrial Company Limited	Mining excavation	149,900	(a)	129,473	-	-	129,473	194	100.00	194	367,033	-	
Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	630,726	(a)	-	-	-	-	180,794	100.00	180,794	486,654	-	
Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	1,700,475	(a)	-	-	-	-	467,851	100.00	467,851	2,874,737	-	
Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	100,091	(a)	-	-	-	-	(2,113)	100.00	(2,113)	5,029	-	
Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	107,625	(a)	-	-	-	-	(18,573)	100.00	(18,573)	123,140	-	
TCEC (Yingde) Machine Co., Ltd. (Notes 5 and 6)	Production and sale of cement machinery and assembly work	16,295	(b)	16,295	-	-	16,295	(992)	100.00	(992)	-	154,926	
Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	64,575	(a)	91,722	-	-	91,722	(1,913)	100.00	(1,913)	62,466	-	
Fuzhou TCC Information Technology Co., Ltd. (Note 6)	Software product and equipment maintenance	2,998	(a)	2,988	-	-	2,988	4,344	100.00	4,344	11,459	39,372	
Da Tong (Guigang) International Logistics Co., Ltd (Note 6)	Logistics and transportation	149,900	(a)	-	-	-	-	94,189	100.00	94,189	701,712	-	

(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, 2019 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2019 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outflow	Inflow							
Da Tong (Ying De) Logistics Co., Ltd. (Note 6)	Logistics and transportation	\$ 21,525	(a)	\$ -	\$ -	\$ -	\$ -	\$ 14,279	100.00	\$ 14,279	\$ 107,746	\$ -	
Guigang Da-Ho Shipping Co., Ltd. (Note 6)	Marine transportation	17,220	(a)	-	-	-	-	62,045	100.00	62,045	381,763	-	
Prosperity Conch Cement Company Limited	Manufacturing and sale of cement	2,496,900	(a)	2,197,343	-	-	2,197,343	5,126,506	25.00	1,281,626	5,813,901	-	
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,551,625	(a)	1,432,572	-	-	1,432,572	932,965	30.00	279,890	1,700,788	-	Note 3
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	1,776,157	(a)	693,716	-	-	693,716	942,640	30.00	282,792	1,117,517	-	Note 3
Sichuan Taichang Building Material Group Company Limited	Manufacturing and sale of cement	861,000	(a)	346,783	-	-	346,783	479,783	30.00	143,935	184,793	-	
Guangan Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	66,728	(a)	47,343	-	-	47,343	-	50.00	-	-	-	
Guigang TCC DongYuan Environmental Technology Company Limited	Dangerous waste treatment	503,685	(a)	503,685	-	-	503,685	(9,235)	95.20	(8,791)	507,510	-	
Beijing TCC Environment Technology Co., Ltd.	Technology development, business management and sales	25,830	(a)	-	25,830	-	25,830	(21,152)	100.00	(21,152)	5,558	-	
TCC (Hangzhou) Environment Technology Limited	Environment, cement, business management consulting	3,013,500	(a)	-	3,013,500	-	3,013,500	(161,410)	100.00	(161,410)	2,862,652	-	
Kaili TCC Environment Technology Co., Ltd.	Waste collection and treatment	12,915	(a)	-	12,915	-	12,915	(7,065)	100.00	(7,065)	27,704	-	
TCC Jiuyuan (Xuyong) Environmental Technology Co., Ltd	Technology development, business management and sales	9,471	(a)	-	9,471	-	9,471	(2,211)	55.00	(1,216)	8,316	-	

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$71,290,669	\$71,966,416	(Note 7)

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

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

Note 2: Including outward remittance from offshore subsidiaries.

Note 3: Investment gain (loss) was based on the associates' audited financial statements except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considers that there would be no significant adjustments if such financial statements were to be audited.

Note 4: As of December 31, 2019, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

Note 5: Anhui King Bridge Cement Co., Ltd. and TCEC (Yingde) Machine Co., Ltd. wound up their businesses in 2019, and the procedures for the distribution of the remaining assets are still in progress.

Note 6: Including the amounts attributable to non-controlling interests.

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

B. See Tables 1, 2, 4, 6 and 10 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

(Concluded)

TAIWAN CEMENT CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

<u>Item</u>	<u>Statement Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at FVTOCI - current	2
Statement of notes and accounts receivable	3
Statement of inventories	4
Statement of financial assets at FVTOCI - non-current	5
Statement of changes in investments accounted for using equity method	6
Statement of changes in property, plant and equipment	Note 12
Statement of changes in right-of-use assets	7
Statement of changes in investment properties	8
Statement of short-term loans	9
Statement of other payables	Note 17
Statement of long-term loans	10
Statement of deferred income tax liabilities	Note 21
Major Accounting Items in Profit or Loss	
Statement of net revenue	11
Statement of operating costs	12
Statement of operating expenses	13

TAIWAN CEMENT CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Period	Annual Rate of Return	Amount
Cash			
Cash on hand			\$ 1,311
Checking accounts and demand deposits (Note)			<u>1,006,384</u>
			<u>1,007,695</u>
Cash equivalents			
Time deposits with original maturity dates within 3 months (Note)	2019.10.02-2020.01.30	0.55%-2.36%	4,209,698
Bonds issued under repurchase agreements		0.50%-0.55%	<u>1,448,854</u>
			<u>5,658,552</u>
			<u>\$ 6,666,247</u>

Note: Including US\$24,192 thousand, the rates of exchange US\$1=\$29.98.

TAIWAN CEMENT CORPORATION**STATEMENT OF FINANCIAL ASSETS AT FVTOCI - CURRENT****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)**

Name of Financial Instruments	Number of Shares (In Thousands)	Cost of Acquisition	Fair Value (Note)	
			Unit Price	Total Amount
Taishin Financial Holding Co., Ltd.	62,421	\$ 646,575	\$14.50	\$ 905,098
CTCI Corporation	9,054	200,438	38.10	344,971
Chia Hsin Cement Corporation	27,419	305,388	22.35	612,824
China Hi-Ment Corporation	30,196	261,546	50.30	1,518,867
O-Bank				
Ordinary shares	29,719	286,179	7.81	232,105
Convertible preference shares	2,956	<u>29,559</u>	10.60	<u>31,332</u>
		<u>\$ 1,729,685</u>		<u>\$ 3,645,197</u>

Note: Calculated based on the closing price and the last strike price on December 31, 2019.

TAIWAN CEMENT CORPORATION

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	\$ 192,426
Client B	189,596
Client C	180,101
Others (Note)	<u>4,078,143</u>
	4,640,266
Less: Allowance for doubtful accounts	<u>47,573</u>
	<u>\$ 4,592,693</u>

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

TAIWAN CEMENT CORPORATION

STATEMENT OF INVENTORIES

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 513,747	\$ 520,849
Work in process	455,399	479,858
Raw materials	<u>686,520</u>	<u>471,992</u>
	1,655,666	<u>\$ 1,472,699</u>
Less: Allowance for write-downs (Note)	<u>240,444</u>	
	<u>\$ 1,415,222</u>	

Note: Included provision for obsolete inventory loss.

TAIWAN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FVTOCI - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name of Securities	Balance at January 1, 2019		Addition		Unrealized Gain on Financial Instruments	Fair Value on December 31, 2019		
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount		Number of Shares (In Thousands)	Unit Price	Balance, December 31, 2019
Unlisted shares								
Taiwan Stock Exchange Corporation	45,983	\$ 3,371,909	2,299	\$ -	\$ 749,914	48,282	\$85.37	\$ 4,121,823
Chinatrust Investment Co., Ltd.	29,553	972,871	-	-	201,845	29,553	39.95	1,174,716
IBT II Venture Capital Corporation (Note)	2,626	19,093	-	(4,584)	-	2,626	5.53	14,509
Rong Gong Enterprise Co.	3,390	12,306	-	-	2,407	3,390	4.34	14,713
Pan Asia Corporation	6,204	8,996	-	-	-	6,204	1.45	8,996
Excel Corporation	600	-	-	-	-	600	-	-
		<u>\$ 4,385,175</u>		<u>\$ (4,584)</u>	<u>\$ 954,166</u>			<u>\$ 5,334,757</u>

Note: Liquidation funds from the remaining assets was received in November 2019.

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name	Balance, January 1, 2019		Changes for the Year		Investee Company Distributed as Cash Dividends	Investment Income or Loss for Using the Equity Method	Equity Adjustments (Note 1)	Balance, December 31, 2019			Market Price (Note 7)	
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount				Shares (In Thousands)	Ownership	Amount	Unit Price	Total Amount
Listed company												
International CSRC Investment Holdings Co., Ltd. (Note 3)	135,820	\$ 5,040,286	17,657	\$ -	\$ (203,730)	\$ 160,184	\$ 116,054	153,477	15.6	\$ 5,112,794	\$31.4	\$ 4,819,178
Taiwan Prosperity Chemical Corporation	116,791	1,413,309	-	-	-	(805,235)	49,955	116,791	40.0	658,029	12.3	1,436,529
		<u>6,453,595</u>		<u>-</u>	<u>(203,730)</u>	<u>(645,051)</u>	<u>166,009</u>			<u>5,770,823</u>		
Unlisted company												
TCCI	1,100,876	85,867,527	-	-	-	12,714,156	5,134,517	1,100,876	100.0	103,716,200		
TCCIH	2,581,832	44,167,192	-	-	-	6,961,798	(1,796,242)	2,581,832	38.3	49,332,748		
Taiwan Cement Dutch	831	29,471,481	-	-	-	(54,395)	(1,464,489)	831	100.0	27,952,597		
Ho-Ping Power Company	805,940	17,059,967	-	-	(2,975,000)	3,293,666	281	805,940	59.5	17,378,914		
Hoping Industrial Port Corporation	319,990	5,658,439	-	-	(799,975)	769,319	75,631	319,990	100.0	5,703,414		
TCC Investment Corporation (Note 3)	63,150	3,099,705	44,205	-	(17,490)	112,618	1,256,845	107,355	100.0	4,451,678		
TCC Green Energy Corporation (Note 2)	150,899	1,529,333	170,000	1,700,000	-	(65,302)	-	320,899	100.0	3,164,031		
Ta-Ho Maritime Corporation (Note 3)	118,649	2,296,422	11,865	-	(59,325)	239,617	99,020	130,514	64.8	2,575,734		
Taiwan Transport & Storage Corporation	32,668	1,815,949	-	-	(108,458)	158,449	99,919	32,668	83.9	1,965,859		
CCC USA Corp.	79	1,625,444	-	-	-	145,669	(46,575)	79	33.3	1,724,538		
TCC Recycle Energy Technology Company (Notes 2 and 4)	-	-	117,364	1,347,594	-	(53,662)	(457)	117,364	18.2	1,293,475		
TCC Chemical Corporation	240,000	942,433	-	-	-	270,481	42,821	240,000	100.0	1,255,735		
Ho Sheng Mining Co., Ltd.	30,100	1,069,417	-	-	-	112,016	-	30,100	100.0	1,181,433		
ONYX Ta-Ho Environmental Services Co., Ltd.	30,176	786,226	-	-	(362,112)	395,701	(1,538)	30,176	50.0	818,277		
Taiwan Cement Engineering Corporation	59,593	710,129	-	-	(8,423)	21,586	9,504	59,593	99.1	732,796		
Kuan-Ho Refractories Industry Corporation	18,105	453,906	-	-	(94,327)	84,076	6,771	18,105	95.3	450,426		
HKCMCL	38	323,022	-	-	-	62,462	(7,452)	38	84.7	378,032		
Feng Sheng Enterprise Company	27,261	348,471	-	-	(16,356)	33,110	(2,908)	27,261	45.4	362,317		
TCC Information Systems Corporation	14,904	251,946	-	-	(25,766)	10,665	1,671	14,904	99.4	238,516		
Ta-Ho Onyx RSEA Environment Co., Ltd.	66,600	200,431	-	-	-	(6,583)	-	66,600	66.6	193,848		
Jin Chang Minerals Corporation	1,800	220,012	-	-	(81,427)	40,299	-	1,800	100.0	178,884		
HPC Power Service Corporation	6	114,457	-	-	(112,593)	114,427	(2,651)	6	60.0	113,640		
E.G.C. Cement Corporation	8,063	103,579	-	-	(3,916)	12,592	(20)	8,063	50.6	112,235		
Synpac Ltd.	2,700	6,991	-	-	-	59	(169)	2,700	25.0	6,881		
Tung Chen Mineral Corporation	20	1,352	-	-	-	(41)	-	20	99.5	1,311		
TCCMOLI (Note 2)	-	-	30	929	-	(192)	(24)	30	100.0	713		
Ta-Ho Onyx Taitung Environment Co., Ltd. (Note 5)	37,100	297,188	(37,100)	(341,280)	-	44,092	-	-	-	-		
E-ONE Moli Energy Corporation (Notes 2 and 4)	48,127	523,197	(48,127)	(503,261)	-	(18,471)	(1,465)	-	-	-		
TMC (Note 6)	120	-	-	-	-	-	-	120	72.7	-		
TPMC (Note 6)	20	-	-	-	-	-	-	20	40.0	-		
		<u>198,944,216</u>		<u>2,203,982</u>	<u>(4,665,168)</u>	<u>25,398,212</u>	<u>3,402,990</u>			<u>225,284,232</u>		
		<u>\$ 205,397,811</u>		<u>\$ 2,203,982</u>	<u>\$ (4,868,898)</u>	<u>\$ 24,753,161</u>	<u>\$ 3,568,999</u>			<u>\$ 231,055,055</u>		

Note 1: Including exchange differences on translating foreign operations and investee company changes in equity.

Note 2: TCC Recycle Energy Technology Company increased its capital by \$341,200 thousand (32,500 thousand shares); TCC Green Energy Corporation increased its capital by \$1,700,000 thousand (170,000 thousand shares); TCCMOLI increased its capital by \$929 thousand (30 thousand shares); E-ONE Moli Energy Corporation reduced its capital by 13,576 thousand shares to offset a deficit and increased its capital by \$503,133 thousand (50,313 thousand shares).

Note 3: The increase in the number of shares in the current year is due to the transfer of retained earnings to common stock.

Note 4: TCC Recycle Energy Technology Company and E-ONE Moli Energy Corp. resolved to enter into a share swap agreement, with E-ONE Moli Energy Corp. providing its convertible preferred shares A as consideration for the exchange of 100% of the shares of TCC Recycle Energy Technology Company according to the Business Mergers and Acquisitions Act i. The Corporation converted all of the shares into ordinary shares of \$1,006,394 thousand (84,864 thousand shares).

Note 5: Ta-Ho Taitung Environment Co., Ltd. was in the process of liquidation in December 2019 and completed liquidation in January 2020.

Note 6: Due to the recognition of investment losses in TMC and TPMC, credit balances of \$20,511 thousand and \$20,149 thousand were generated, which were recorded in other non-current liabilities as of December 31, 2019 and 2018, respectively.

Note 7: It was calculated based on the closing price on December 31, 2019.

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars)

Item	Land	Buildings	Machinery and Equipment	Others	Total
Cost					
Balance at January 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments and reclassification on initial application of IFRS 16	211,799	1,150,301	267,176	30,210	1,659,486
Additions	25,997	-	32,238	16,102	74,337
Disposals	-	-	-	-	-
Balance at December 31, 2019	<u>\$ 237,796</u>	<u>\$ 1,150,301</u>	<u>\$ 299,414</u>	<u>\$ 46,312</u>	<u>\$ 1,733,823</u>
Accumulated depreciation and impairment					
Balance at January 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments and reclassification on initial application of IFRS 16	-	-	-	-	-
Depreciation expenses	<u>63,695</u>	<u>150,216</u>	<u>93,754</u>	<u>11,820</u>	<u>319,485</u>
Balance at December 31, 2019	<u>\$ 63,695</u>	<u>\$ 150,216</u>	<u>\$ 93,754</u>	<u>\$ 11,820</u>	<u>\$ 319,485</u>
Carrying amounts at December 31, 2019	<u>\$ 174,101</u>	<u>\$ 1,000,085</u>	<u>\$ 205,660</u>	<u>\$ 34,492</u>	<u>\$ 1,414,338</u>

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENT PROPERTIES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2019	Addition	Decrease	Balance at December 31, 2019
Cost				
Land	\$ 3,996,172	\$ -	\$ -	\$ 3,996,172
Buildings	<u>261,132</u>	<u>-</u>	<u>-</u>	<u>261,132</u>
	<u>4,257,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,257,304</u>
Accumulated depreciation				
Buildings	<u>227,728</u>	<u>\$ 686</u>	<u>\$ -</u>	<u>228,414</u>
Accumulated impairment				
Land	653,377	\$ -	\$ -	653,377
Buildings	<u>23,522</u>	<u>-</u>	<u>-</u>	<u>23,522</u>
	<u>676,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>676,899</u>
	<u>\$ 3,352,677</u>			<u>\$ 3,351,991</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF SHORT-TERM LOANS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

Item	Loan Period	Amount (Note)
Bank loans - unsecured (Note 1)		
Export-Import Bank of the Republic of China	2019/04/24-2020/04/24	\$ 400,000
Crédit Agricole Corporate and Investment Bank	2019/09/10-2020/09/08	1,000,000
Hua Nan Commercial Bank (Yuanshan)	2019/12/10-2020/03/10	1,500,000
Mizuho Corporate Bank Ltd (Taipei)	2019/12/10-2020/03/10	3,000,000
Sumitomo Mitsui Banking Corporation (Taipei)	2019/12/10-2020/03/10	1,500,000
Bank of Taiwan (Chung-Shan)	2019/12/09-2020/02/24	800,000
The Bank Of Tokyo-Mitsubishi UFJ, Ltd.	2019/12/10-2020/03/10	1,000,000
First Commercial Bank (Chung -Shan)	2019/12/09-2020/03/06	1,500,000
Bank of China Limited (Taipei)	2019/12/10-2020/03/10	1,500,000
The Hongkong and Shanghai Banking Corp. Ltd	2019/12/10-2020/03/10	850,000
Fubon Commercial Bank Co., Ltd.	2019/12/10-2020/03/10	1,200,000
Oversea-Chinese Banking Corporation Ltd.	2019/12/10-2020/01/10	1,000,000
Mega International Commercial Bank Co., Ltd. (foreign department)	2019/12/10-2020/03/10	<u>800,000</u>
		<u>16,050,000</u>
Bank loans - letters of credit (Note 2)		
Mega International Commercial Bank Co., Ltd. (foreign department)	2019/10/15-2020/04/10	127,613
Taiwan Cooperative Bank (Yuanshan)	2019/11/06-2020/03/22	26,286
Land Bank of Taiwan (Ren Ai)	2019/12/03-2020/03/16	<u>122,029</u>
		<u>275,928</u>
		<u>\$ 16,325,928</u>

Note 1: The interval of rate is 0.82%-2.77%, and the total loan commitments is \$32,849,680 thousands.

Note 2: Bank loans - letters of credit included US\$9,203 thousand, translated at the exchange rate of US\$1=NT\$29.98.

TAIWAN CEMENT CORPORATION

STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Type of Loan and Creditor	Contract Period	Annual Interest Rates (%)	Amount	Loan Commitments	Collateral
Syndicated loan (Note 1)					
Type A (Note 2)	2018.3-2023.3	1.79	\$ 21,500,000	\$ 21,500,000	-
Type B (Note 3)	2018.3-2023.3	1.32	<u>10,828,000</u>	<u>21,500,000</u>	-
			32,328,000	<u>\$ 43,000,000</u>	
Less: Issuance costs			(89,586)		
Current portions			<u>-</u>		
			<u>\$ 32,238,414</u>		

Note 1: Including Oversea-Chinese Banking Corporation Ltd., BNP Paribas Euronext, Bank of Taiwan, Land Bank of Taiwan, Hua Nan Bank, E.SUN Bank, Bank SinoPac, The Shanghai Commercial & Savings Bank, Ltd., KGI Bank, The Bank of Tokyo-Mitsubishi UFJ, Entie Commercial Bank, Bank of Communications, Mega International Commercial Bank, Mizuho Corporate Bank Ltd (Taipei), Taipei Fubon Commercial Bank, Taiwan Cooperative Bank, Crédit Agricole Corporate and Investment Bank, Bank of China, E.SUN Bank, Yuanta Bank, Taichung Commercial Bank, CTBC Bank, Cathay United Bank, The Japanese Sumitomo Mitsui Banking Corporation, China Construction Bank, Standard Chartered Bank.

Note 2: The non-revolving credit line of Tranche A, which is of the nature of bank loans, is \$21.5 billion. Starting from March 2021, its principal shall be equally repaid in 5 semi-annual installments and shall mature in March 2023; interest shall be paid quarterly.

Note 3: The revolving credit line of Tranche B, which is the nature of long-term bills payable, is \$21.5 billion. The period of each actual drawdown can be at least 30 but not over 180 days, and the maturity date of each drawdown period shall not exceed the credit period. The final maturity date shall be in March 2023.

TAIWAN CEMENT CORPORATION**STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)**

Item	Shipments	Amount
Domestic sales		
Cement - related products	5,198 thousand cubic meters	\$ 10,195,256
Cement	2,259 thousand tons	5,060,529
Clinker	907 thousand tons	1,360,650
Others		<u>309,792</u>
		<u>16,926,227</u>
Export sales		
Cement	1,160 thousand tons	1,599,143
Clinker	122 thousand tons	141,086
Others		<u>456,320</u>
		<u>2,196,549</u>
		<u>\$ 19,122,776</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)**

Item	Amount
Balance at beginning of year	\$ 663,026
Add: Raw materials purchased	8,407,818
Less: Raw materials, end of year	<u>686,520</u>
Raw materials used	8,384,324
Direct labor	283,881
Manufacturing expenses	<u>3,495,592</u>
Manufacturing costs	12,163,797
Add: Work in process, beginning of year	468,803
Work in process purchased	1,010,800
Less: Work in process, end of year	455,399
Work in process sold	<u>1,078,714</u>
Cost of finished goods	12,109,287
Add: Finished goods, beginning of year	480,037
Finished goods purchased	702,506
Less: Finished goods, end of year	513,747
Add: Transportation costs	2,660,774
Commodity tax	732,632
Work in process sold	1,078,714
Inventory write-downs	4,851
Loss on inventory scrapped	5,594
Others	<u>38,107</u>
Operating costs	<u>\$ 17,298,755</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Total
Payroll and pension	\$ 92,326	\$ 720,810	\$ 813,136
General and administrative expenses	20,449	93,696	114,145
Professional service fees	1,200	102,647	103,847
Shipping expenses	80,984	3,237	84,221
Depreciation expenses	35,499	67,232	102,731
Others (Note)	<u>32,042</u>	<u>277,289</u>	<u>309,331</u>
	<u>\$ 262,500</u>	<u>\$ 1,264,911</u>	<u>\$ 1,527,411</u>

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



THE FUTURE IS WORTH IT

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