

# **Taiwan Cement Corporation**

**Financial Statements for the  
Years Ended December 31, 2019 and 2018 and  
Independent Auditors' Report**

## 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>

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# 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)	(84,281)	-	(29,629)	-
	<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)	(6,623,040)	(35)	(4,246,746)	(25)
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)**

	Equity Attributable to Shareholders of the Parent											
	Retained Earnings						Others					
							Exchange Differences on Translating Foreign Operations	Unrealized Gain/Loss from Available-for-sale Financial Assets	Unrealized Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges Reserve	Treasury Shares	Total Equity
	Ordinary Shares	Preferred Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2018	\$ 42,465,090	\$ -	\$ 25,739,065	\$ 14,025,109	\$ 13,049,635	\$ 21,944,766	\$ 49,019,510	\$ (790,475)	\$ 19,915,014	\$ -	\$ -	\$ 136,348,204
Adjustments on initial application of IFRS 9	-	-	-	-	-	654,005	654,005	-	(19,915,014)	-	-	4,897,862
BALANCE AT JANUARY 1, 2018 AFTER THE IMPACT OF RETROSPECTIVE APPLICATION OF IFRS 9	42,465,090	-	25,739,065	14,025,109	13,049,635	22,598,771	49,673,515	(790,475)	-	-	-	141,246,066
Appropriation of 2017 earnings												
Legal reserve	-	-	-	759,425	-	(759,425)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(6,360,764)	(6,360,764)	-	-	-	-	(6,360,764)
Share dividends distributed by the Corporation	4,240,509	-	-	-	-	(4,240,509)	(4,240,509)	-	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	21,180,821	21,180,821	-	-	-	-	21,180,821
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	73,268	73,268	(4,246,746)	-	1,109	-	(2,935,642)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	21,254,089	21,254,089	(4,246,746)	-	1,109	-	18,245,179
Issuance of global depositary shares	4,375,000	-	12,339,355	-	-	-	-	-	-	-	-	16,714,355
Issuance of preference shares	-	2,000,000	7,973,907	-	-	-	-	-	-	-	-	9,973,907
Organization restructuring	-	-	-	-	-	(58,513)	(58,513)	-	-	-	-	(58,513)
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	466,755	-	-	-	-	-	-	-	-	466,755
Changes in ownership interests of subsidiaries	-	-	41	-	-	-	-	-	-	-	-	41
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(459)	-	-	(89)	(89)	-	-	-	-	(548)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,321,032	1,321,032	-	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	(573)	573	-	-	-	-	-	-
Equity components of issuance of convertible bonds	-	-	1,308,070	-	-	-	-	-	-	-	-	1,308,070
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	(218,166)	(218,166)
Compensation costs of treasury shares transferred to employees	-	-	45,448	-	-	-	-	-	-	-	-	45,448
Treasury shares transfer to employees	-	-	(35,941)	-	-	-	-	-	-	-	215,621	179,680
BALANCE AT DECEMBER 31, 2018	51,080,599	2,000,000	47,836,241	14,784,534	13,049,062	33,755,165	61,588,761	(5,037,221)	-	1,109	(2,545)	181,541,510
Appropriation of 2018 earnings												
Legal reserve	-	-	-	2,118,082	-	(2,118,082)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(16,856,367)	(16,856,367)	-	-	-	-	(16,856,367)
Preferred share dividends distributed by the Corporation	-	-	-	-	-	(18,219)	(18,219)	-	-	-	-	(18,219)
Share dividends distributed by the Corporation	3,575,593	-	-	-	-	(3,575,593)	(3,575,593)	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	24,211,081	24,211,081	-	-	-	-	24,211,081
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	276,370	276,370	(6,623,040)	-	(6,877)	-	4,967,003
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	24,487,451	24,487,451	(6,623,040)	-	(6,877)	-	29,178,084
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	29	-	-	-	-	-	-	-	-	29
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	179,275	-	-	-	-	-	-	-	-	179,275
Basis adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	-	5,768	-	5,768
Compensation costs of treasury shares transferred to employees	-	-	826	-	-	-	-	-	-	-	-	826
Treasury shares transfer to employees	-	-	(424)	-	-	-	-	-	-	-	2,545	2,121
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	(348,959)	(348,959)
BALANCE AT DECEMBER 31, 2019	\$ 54,656,192	\$ 2,000,000	\$ 48,015,947	\$ 16,902,616	\$ 13,049,062	\$ 35,674,355	\$ 65,626,033	\$ (11,660,261)	\$ -	\$ -	\$ (348,959)	\$ 193,684,068

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	81,413	822,887
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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)

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# 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>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,977,438)</b>	<b>10,883,840</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>11,643,685</u></b>	<b><u>759,845</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 6,666,247</u></b>	<b><u>\$ 11,643,685</u></b>

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

(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)

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### 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:

	<b>As Originally Stated on January 1, 2019</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated on January 1, 2019</b>
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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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

<b>New IFRSs</b>	<b>Effective Date issued by IASB (Note)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 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 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 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 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 remeasurement 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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	December 31	
	2019	2018
<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>139,460</u>

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

	December 31	
	2019	2018
<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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	December 31	
	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

	December 31	
	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

	December 31	
	2019	2018
Listed company		
Taiwan Prosperity Chemical Corporation	\$ 658,029	\$ 1,413,309
Unlisted companies		
TCC International Ltd. ("TCCP")	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)

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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)
	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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	-	523,197
	<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:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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><b>\$ 940,737</b></u>	<u><b>\$ 612,055</b></u>

### 13. LEASE ARRANGEMENTS - 2019

#### a. Right-of-use assets

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Land	\$ 174,101
Buildings	1,000,085
Machinery	205,660
Others	<u>34,492</u>
	<u><b>\$ 1,414,338</b></u>
	<b>For the Year Ended December 31, 2019</b>
Additions to right-of-use assets	<u><b>\$ 74,337</b></u>
Depreciation charge for right-of-use assets	
Land	\$ 63,695
Buildings	150,216
Machinery	93,754
Others	<u>11,820</u>
	<u><b>\$ 319,485</b></u>

#### b. Lease liabilities

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Current	<u><b>\$ 289,436</b></u>
Non-current	<u><b>\$ 1,133,140</b></u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31, 2019</b>
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

	<b>For the Year Ended December 31, 2019</b>
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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	December 31	
	2019	2018
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.

	<b>December 31, 2019</b>
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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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:

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Asset</b>
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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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.

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

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<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:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
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(Note)</u>	<u>\$ 1.50</u>
Share dividends on ordinary shares	3,575,593	4,240,509	<u>\$ 0.70(Note)</u>	<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:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>(In Thousands of Shares)</b>	
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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	(3,774)	(2,407)	(6,181)	(2,214)	(891)	(3,105)
	<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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Income before income tax	\$ 24,211,365	\$ 21,259,875
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	47,791	1,969
Income tax expense recognized in profit or loss	\$ 284	\$ 79,054

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Effect of change of tax rate	\$ -	\$ 9,865
Recognized during the year		
Remeasurement on defined benefit plan	84,281	19,764
Income tax expense recognized in other comprehensive profit or loss	\$ 84,281	\$ 29,629

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Current income tax assets (included in other current assets)	\$ -	\$ 15,151
Current income tax liabilities (included in the current liabilities)	\$ 10,548	\$ -

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

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Comprehen- sive Income</b>	<b>Closing Balance</b>
<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

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Comprehen- sive Income</b>	<b>Closing Balance</b>
<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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Basic earnings per share	\$ 4.43	\$ 4.08
Diluted earnings per share	\$ 4.25	\$ 4.08

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

	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	\$ 4.37	\$ 4.08
Diluted earnings per share	\$ 4.37	\$ 4.08

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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	227,570	-
Earnings used in the computation of diluted earnings per share	\$ 24,420,432	\$ 21,180,821
<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	281,315	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	5,744,895	5,190,917

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			
		Level 1	Level 2	Level 3	Total
<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			
		Level 1	Level 2	Level 3	Total
<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 - 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>	
	<b>2019</b>	<b>2018</b>
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>	
	<b>2019</b>	<b>2018</b>
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.

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Discount for lack of marketability		
1% increase	\$ (213)	\$ (188)
1% decrease	\$ 213	\$ 188

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Discount for lack of marketability		
1% increase	\$ (45,868)	\$ (37,599)
1% decrease	\$ 45,868	\$ 37,599

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<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)



	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<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:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 290,455</u>	<u>\$ 628,332</u>	<u>\$ 504,809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2018

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<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

<b>Related Party</b>	<b>Relationship with the Corporation</b>
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)

<b>Related Party</b>	<b>Relationship with the Corporation</b>
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

	<b>Operating Revenue</b>	
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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>
	<b>Operating Costs and Expenses</b>	
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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)

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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)

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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

<b>Related Party Category/Name</b>	<b>Purchase Price For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Management personnel in substance		
Chia Hsin R.M.C.	<u>\$ -</u>	<u>\$ 25,000</u>

f. Endorsements and guarantees

	<b>2019</b>	<b>2018</b>
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

<b>Related Party Category</b>		<b>December 31</b>	
		<b>2019</b>	<b>2018</b>
<u>Acquisition of right-of-use assets</u>			
Management personnel in substance		\$ <u>51,767</u>	\$ <u>-</u>
		<b>December 31</b>	
		<b>2019</b>	<b>2018</b>
Lease liabilities	Subsidiaries	\$ 294,361	\$ -
	Management personnel in substance	<u>39,177</u>	<u>-</u>
		\$ <u>333,538</u>	\$ <u>-</u>
<b>Related Party Category</b>		<b>For the Year Ended December 31</b>	
		<b>2019</b>	<b>2018</b>
<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

		<b>For the Year Ended December 31</b>	
		<b>2019</b>	<b>2018</b>
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:

		<b>December 31</b>	
		<b>2019</b>	<b>2018</b>
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

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<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>

### Financial liabilities

Monetary items			
USD	9,433	29.98 (USD:NTD)	\$ <u>282,810</u>

### December 31, 2018

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<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>

### Financial liabilities

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”:

- 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.
- 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)

TABLE 2

## 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)



TABLE 3

## 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	-	FVTPL - current	4,117	67,437	-	67,437	
	UPAMC James Bond Money Market Fund	-	FVTPL - current	1,503	25,221	-	25,221	
	Tai Shin 1699 Money Market Fund	-	FVTPL - current	2,588	35,159	-	35,159	
	<u>Ordinary shares</u> Feng Yu United Engineering Company	-	FVTPL - current	58	-	0.1	-	
	<u>Ordinary shares</u> Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	27,574	399,818	-	399,818	
Union Cement Traders Inc.	CTCI Corporation	-	FVTOCI - current	13,365	509,219	-	509,219	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	7,441	166,306	-	166,306	
	Videoland Inc.	-	FVTOCI - non-current	6,437	290,909	5.6	290,909	
TCCI (Group)	<u>Ordinary shares</u> Anhui Conch Cement Co., Ltd.	-	FVTOCI - non-current	116,568	25,484,469	-	25,484,469	
	Yargoan Co., Ltd.	-	FVTOCI - non-current	19	-	12.5	-	

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

Note 2: See Tables 8 and 9 for the information of investments in subsidiaries, associates and joint ventures.

(Concluded)

**TABLE 4**

**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.

TABLE 5

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 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.

TABLE 6

## 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	
			Purchases	539,481	3	30 days	-	-	(63,273)	(14)	
	Taiwan Transport & Storage Corporation	Subsidiary									
	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)	
	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)	
Jin Chang Minerals Corporation	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)	
	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	
	THC International S.A	Subsidiary	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)

**TABLE 7****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.



TABLE 8

## 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	Liquidation process was in progress
	Ta-Ho Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	-	-	-	44,092	44,092	
	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			
Ta-Ho Maritime Holdings Ltd.	TCC Kao Cheng Green Energy Corporation	Taiwan	Renewable energy generation	\$ 12,000	\$ 12,000	\$ 1,200	100.00	\$ 9,901	\$ (46)	\$ (46)	Note 2
	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)	
	THC International S.A.	Panama	Marine transportation	908,694	61,737	30,310	100.00	3,470,605	47,105	47,105	
	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	
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)

TABLE 9

## 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	\$ -	Note 3
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	-	
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	-	
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

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**TAIWAN CEMENT CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

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<b>Item</b>	<b>Period</b>	<b>Annual Rate of Return</b>	<b>Amount</b>
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)**

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<b>Client Name</b>	<b>Amount</b>
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)**

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<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Net Realizable Value</b>
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	Amount	Shares	Amount				Shares	Ownership	Amount	Unit Price	Total Amount
	(In Thousands)		(In Thousands)					(In Thousands)				
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	<u>1,413,309</u>	-	<u>-</u>	<u>-</u>	<u>(805,235)</u>	<u>49,955</u>	116,791	40.0	<u>658,029</u>	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)**

<b>Item</b>	<b>Loan Period</b>	<b>Amount (Note)</b>
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	800,000
		<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)**

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<b>Item</b>	<b>Shipments</b>	<b>Amount</b>
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)**


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<b>Item</b>	<b>Amount</b>
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)**


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<b>Item</b>	<b>Selling Expenses</b>	<b>General and Administrative Expenses</b>	<b>Total</b>
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.