

**Chia Hsin Cement Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2020 and 2019 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Chia Hsin Cement Corporation

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Chia Hsin Cement Corporation and its subsidiaries (collectively, the "Group") as of March 31, 2020 and 2019, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As disclosed in Note 15 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2020 and 2019, combined total assets of these non-significant subsidiaries were NT\$12,538,947 thousand and NT\$13,211,643 thousand, respectively, representing 33.83% and 38.37%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$5,172,275 thousand and NT\$2,458,768 thousand, respectively, representing 34.19% and 19.19%, respectively, of the consolidated total liabilities; for the three-month periods ended March 31, 2020 and 2019, the amounts of combined comprehensive income of these subsidiaries were NT\$(142,126) thousand and NT\$130,544 thousand, respectively, representing 8.21% and 7.37%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 16 to the consolidated financial statements, as of March 31, 2020 and 2019, the amounts of investments accounted for using equity method were NT\$2,491,525 thousand and NT\$2,545,769 thousand, and the amounts of share of other comprehensive income of associates and joint ventures accounted for using equity method were NT\$(132,239) thousand and \$15,630 thousand, respectively, recognized according to the unreviewed financial statements for the same accounting period of the aforementioned investee companies. The related information disclosed in the notes to the consolidated financial statements and the information of the aforementioned subsidiaries and investee companies were also not reviewed by the auditors.

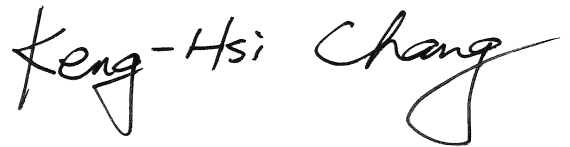
## Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investee companies as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of or do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cheng Chuan Yu and Keng Hsi Chang.



Deloitte & Touche  
Taipei, Taiwan  
Republic of China



May 6, 2020

## Notice to Readers

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

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

# CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,416,061	7	\$ 2,066,897	6	\$ 1,271,833	4
Financial assets at fair value through profit or loss - current (Note 7)	1,368,762	4	1,619,603	4	1,849,747	5
Financial assets at fair value through other comprehensive income - current (Note 8)	2,356,607	6	2,631,817	7	2,355,590	7
Notes receivable (Notes 9 and 27)	141,041	1	165,280	1	142,782	-
Trade receivables (Notes 9 and 27)	79,189	-	61,142	-	56,963	-
Trade receivables from related parties (Notes 27 and 36)	5,236	-	2,680	-	4,039	-
Finance lease receivables (Note 11)	2,518	-	2,504	-	2,462	-
Other receivables (Note 10)	362,154	1	403,004	1	41,470	-
Other receivables from related parties (Note 36)	35,189	-	125,707	-	136,256	-
Current tax assets	1,292	-	775	-	5,420	-
Inventories (Note 12)	20,458	-	44,910	-	9,209	-
Prepayments (Note 21)	72,946	-	72,733	-	187,340	1
Disposal groups held for sale (Note 13)	42,226	-	42,537	-	494,094	2
Other financial assets - current (Note 14)	3,351,917	9	3,418,015	9	3,617,058	11
Refundable deposits - current	-	-	-	-	50	-
Other current assets (Note 21)	4,486	-	-	-	514	-
Total current assets	10,260,082	28	10,657,604	28	10,174,827	30
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	9,473,252	25	10,548,178	27	9,596,145	28
Investments accounted for using the equity method (Note 16)	2,491,525	7	2,649,668	7	2,545,769	7
Property, plant and equipment (Notes 17 and 37)	6,527,268	18	6,535,574	17	3,800,299	11
Right-of-use assets (Note 18)	1,821,294	5	1,840,905	5	1,900,299	6
Investment properties (Notes 19 and 37)	6,237,827	17	6,230,263	16	6,237,384	18
Intangible assets (Note 20)	6,466	-	5,518	-	-	-
Deferred tax assets (Note 4)	155,464	-	160,635	-	101,092	-
Refundable deposits	30,451	-	30,195	-	30,730	-
Finance lease receivables - non-current (Note 11)	8,862	-	9,496	-	11,380	-
Other financial assets - non-current (Notes 14 and 37)	21,747	-	23,588	-	21,340	-
Other non-current assets (Notes 9 and 21)	30,457	-	29,010	-	16,828	-
Total non-current assets	26,804,613	72	28,063,030	72	24,261,266	70
TOTAL	\$ 37,064,695	100	\$ 38,720,634	100	\$ 34,436,093	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 22 and 37)	\$ 1,311,180	4	\$ 800,600	2	\$ 843,490	3
Short-term bills payable (Note 22)	469,685	1	269,758	1	140,961	1
Contract liabilities - current (Note 27)	9,289	-	9,479	-	7,697	-
Notes payable (Note 23)	2,177	-	2,906	-	2,122	-
Trade payables (Note 23)	107,952	-	110,538	1	88,955	-
Trade payables to related parties (Note 36)	56,257	-	83,580	-	83,580	-
Other payables (Notes 24 and 33)	328,902	1	830,712	2	132,636	-
Current tax liabilities	46,189	-	53,677	-	59,812	-
Liabilities directly associated with disposal group held for sale (Note 13)	377,984	1	380,771	1	748,831	2
Lease liabilities - current (Notes 4 and 18)	112,969	-	107,050	-	100,140	-
Advance receipts (Note 24)	12,757	-	41,359	-	1,700	-
Current portion of long-term borrowings (Notes 22 and 37)	923,708	3	983,678	3	877,900	3
Guarantee deposits - current (Note 36)	24,108	-	25,202	-	31,931	-
Other current liabilities (Note 24)	2,922	-	1,150	-	1,824	-
Total current liabilities	3,786,079	10	3,700,460	10	3,121,579	9
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 22 and 37)	7,555,168	21	7,553,594	20	6,120,345	18
Deferred tax liabilities (Note 4)	1,517,842	4	1,511,484	4	1,402,371	4
Lease liabilities - non-current (Notes 4 and 18)	1,722,376	5	1,737,410	4	1,795,543	5
Deferred revenue - non-current (Notes 24 and 31)	442,218	1	441,549	1	277,522	1
Net defined benefit liabilities - non-current (Note 4)	3,242	-	3,208	-	5,255	-
Guarantee deposits - non-current (Note 36)	100,558	-	96,704	-	89,436	-
Total non-current liabilities	11,341,404	31	11,343,949	29	9,690,472	28
Total liabilities	15,127,483	41	15,044,409	39	12,812,051	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)						
Share capital						
Ordinary shares	7,747,805	21	7,747,805	20	7,747,805	23
Capital surplus	847,377	2	847,377	2	728,856	2
Retained earnings						
Legal reserve	2,143,611	6	2,143,611	6	2,073,636	6
Special reserve	2,346,051	6	2,346,051	6	2,346,051	7
Unappropriated earnings	5,961,024	16	6,171,113	16	5,502,825	16
Total retained earnings	10,450,686	28	10,660,775	28	9,922,512	29
Other equity	3,189,456	9	4,654,268	12	3,523,028	10
Treasury shares	(1,104,083)	(3)	(1,096,783)	(3)	(1,096,783)	(3)
Total equity attributable to owners of the Company	21,131,241	57	22,813,442	59	20,825,418	61
NON-CONTROLLING INTERESTS (Note 26)	805,971	2	862,783	2	798,624	2
Total equity	21,937,212	59	23,676,225	61	21,624,042	63
TOTAL	\$ 37,064,695	100	\$ 38,720,634	100	\$ 34,436,093	100

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

(With Deloitte & Touche review report dated May 6, 2020)

# CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 27 and 36)	\$ 495,334	100	\$ 452,376	100
OPERATING COSTS (Notes 12, 28 and 36)	<u>(514,817)</u>	<u>(104)</u>	<u>(387,155)</u>	<u>(85)</u>
GROSS (LOSS) PROFIT	<u>(19,483)</u>	<u>(4)</u>	<u>65,221</u>	<u>15</u>
OPERATING EXPENSES (Note 28)				
Selling and marketing expenses	(8,541)	(2)	(2,577)	(1)
General and administrative expenses	(131,195)	(26)	(119,560)	(26)
Expected credit loss reversal	<u>308</u>	<u>-</u>	<u>948</u>	<u>-</u>
Total operating expenses	<u>(139,428)</u>	<u>(28)</u>	<u>(121,189)</u>	<u>(27)</u>
LOSS FROM OPERATIONS	<u>(158,911)</u>	<u>(32)</u>	<u>(55,968)</u>	<u>(12)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 28 and 36)	38,612	8	38,646	8
Other gains and losses (Note 28)	(56,249)	(11)	212,603	47
Finance costs (Note 28)	(31,819)	(7)	(32,273)	(7)
Share of profit or loss of associates and joint ventures (Note 16)	<u>2,632</u>	<u>-</u>	<u>8,483</u>	<u>2</u>
Total non-operating income and expenses	<u>(46,824)</u>	<u>(10)</u>	<u>227,459</u>	<u>50</u>
(LOSS) PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(205,735)	(42)	171,491	38
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(11,236)</u>	<u>(2)</u>	<u>(23,761)</u>	<u>(5)</u>
NET (LOSS) PROFIT FROM CONTINUING OPERATIONS	(216,971)	(44)	147,730	33
NET PROFIT FROM DISCONTINUED OPERATIONS (Note 13)	<u>2,777</u>	<u>1</u>	<u>851</u>	<u>-</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>(214,194)</u>	<u>(43)</u>	<u>148,581</u>	<u>33</u>

(Continued)

# CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income (Note 26)	\$ (1,381,409)	(279)	\$ 1,586,777	351
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method (Note 26)	<u>(134,871)</u>	<u>(27)</u>	<u>7,147</u>	<u>1</u>
	<u>(1,516,280)</u>	<u>(306)</u>	<u>1,593,924</u>	<u>352</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 26)	1,280	-	35,933	8
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 26 and 29)	<u>(2,519)</u>	<u>(1)</u>	<u>(6,825)</u>	<u>(1)</u>
	<u>(1,239)</u>	<u>(1)</u>	<u>29,108</u>	<u>7</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(1,517,519)</u>	<u>(307)</u>	<u>1,623,032</u>	<u>359</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ (1,731,713)</u>	<u>(350)</u>	<u>\$ 1,771,613</u>	<u>392</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (210,089)	(42)	\$ 126,476	28
Non-controlling interests	<u>(4,105)</u>	<u>(1)</u>	<u>22,105</u>	<u>5</u>
	<u>\$ (214,194)</u>	<u>(43)</u>	<u>\$ 148,581</u>	<u>33</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (1,674,901)	(338)	\$ 1,685,201	373
Non-controlling interests	<u>(56,812)</u>	<u>(12)</u>	<u>86,412</u>	<u>19</u>
	<u>\$ (1,731,713)</u>	<u>(350)</u>	<u>\$ 1,771,613</u>	<u>392</u>

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# CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
(LOSS) EARNINGS PER SHARE (Note 30)				
From continuing and discontinued operations				
Basic	\$ (0.33)		\$ 0.20	
Diluted	\$ (0.33)		\$ 0.20	
From continuing operations				
Basic	\$ (0.33)		\$ 0.20	
Diluted	\$ (0.33)		\$ 0.20	

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

(With Deloitte & Touche review report dated May 6, 2020)

(Concluded)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company											
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE, JANUARY 1, 2019	\$ 7,747,805	\$ 703,931	\$ 2,073,636	\$ 2,346,051	\$ 5,255,303	\$ (226,835)	\$ 2,309,414	\$ (1,186,544)	\$ 19,022,761	\$ 1,900,007	\$ 20,922,768	
Net profit for the three months ended March 31, 2019	-	-	-	-	126,476	-	-	-	126,476	22,105	148,581	
Other comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	25,742	1,532,983	-	1,558,725	64,307	1,623,032	
Changes in percentage of ownership interests in subsidiaries (Note 26)	-	24,925	-	-	121,046	2,770	(121,046)	93,716	121,411	(1,187,795)	(1,066,384)	
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	(3,955)	(3,955)	-	(3,955)	
BALANCE, MARCH 31, 2019	<u>\$ 7,747,805</u>	<u>\$ 728,856</u>	<u>\$ 2,073,636</u>	<u>\$ 2,346,051</u>	<u>\$ 5,502,825</u>	<u>\$ (198,323)</u>	<u>\$ 3,721,351</u>	<u>\$ (1,096,783)</u>	<u>\$ 20,825,418</u>	<u>\$ 798,624</u>	<u>\$ 21,624,042</u>	
BALANCE, JANUARY 1, 2020	\$ 7,747,805	\$ 847,377	\$ 2,143,611	\$ 2,346,051	\$ 6,171,113	\$ (343,071)	\$ 4,997,339	\$ (1,096,783)	\$ 22,813,442	\$ 862,783	\$ 23,676,225	
Net loss for the three months ended March 31, 2020	-	-	-	-	(210,089)	-	-	-	(210,089)	(4,105)	(214,194)	
Other comprehensive loss for the three months ended March 31, 2020	-	-	-	-	-	(308)	(1,464,504)	-	(1,464,812)	(52,707)	(1,517,519)	
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	(7,300)	(7,300)	-	(7,300)	
BALANCE, MARCH 31, 2020	<u>\$ 7,747,805</u>	<u>\$ 847,377</u>	<u>\$ 2,143,611</u>	<u>\$ 2,346,051</u>	<u>\$ 5,961,024</u>	<u>\$ (343,379)</u>	<u>\$ 3,532,835</u>	<u>\$ (1,104,083)</u>	<u>\$ 21,131,241</u>	<u>\$ 805,971</u>	<u>\$ 21,937,212</u>	

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

(With Deloitte & Touche review report dated May 6, 2020)



# CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) income before income tax from continuing operations	\$ (205,735)	\$ 171,491
Income before income tax from discontinued operations	<u>2,777</u>	<u>851</u>
(Loss) income before income tax	<u>(202,958)</u>	<u>172,342</u>
Adjustments for:		
Depreciation expenses	138,489	74,407
Amortization expenses	308	-
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	131,112	(182,937)
Reversed expected credit loss on trade receivables	(308)	(948)
Finance costs	31,819	32,725
Interest income	(29,498)	(29,505)
Dividend income	-	(193)
Share of profit of associates and joint ventures	(2,632)	(8,483)
Gain on disposal of property, plant and equipment	(63,122)	(102)
Gain on disposal of investment properties	-	(15,190)
Gain on lease modification	(75)	-
Gain on disposal of investments	-	(11,227)
Realized gain on deferred revenue	(3,779)	-
Net gain on foreign currency exchange	(22,415)	(2,780)
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	163,442	(56,361)
Notes receivable	24,428	52,869
Trade receivables	(17,876)	48,083
Trade receivables from related parties	(2,556)	1,804
Other receivables	3,021	1,750
Inventories	24,480	7,466
Prepayments	(80)	(25,113)
Other current assets	(3,794)	(513)
Notes payable	(729)	(29)
Trade payables	(2,615)	(21,632)
Trade payables to related parties	(27,323)	(6,269)
Other payables	(50,832)	(51,815)
Contract liabilities	(192)	501
Advance receipts	(28,523)	(462)
Other current liabilities	711	656
Net defined benefit liability	<u>34</u>	<u>(659)</u>
Cash generated from (used in) operations	<u>58,537</u>	<u>(21,615)</u>
Interest paid	(33,752)	(34,786)
Income tax paid	<u>(10,225)</u>	<u>(8,564)</u>
Net cash generated from (used in) operating activities	<u>14,560</u>	<u>(64,965)</u>

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# CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (10,000)	\$ -
Net cash outflow on disposal of subsidiaries	-	(89,443)
Proceeds from disposal of disposal groups held for sale	-	79,985
Payments for property, plant and equipment	(503,104)	(765,382)
Proceeds from disposal of property, plant and equipment	68,499	102
Increase in refundable deposits paid	(294)	(1,839)
Decrease in other receivables from related parties	89,202	21,273
Payments for intangible assets	(1,192)	-
Payments for investment properties	(3,600)	(29,969)
Decrease in finance lease receivables	620	16,243
Decrease (increase) in other financial assets	76,347	(164,969)
Increase in other non-current assets	(979)	(404)
Increase in prepayments for equipment	(578)	(4,871)
Interest received	26,724	19,816
Deferred revenue	-	79,393
Other dividends received	-	193
Net cash used in investing activities	<u>(258,355)</u>	<u>(839,872)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	504,700	22,010
Proceeds (repayment) of short-term bills payable	200,000	(164,000)
(Repayment) proceeds from long-term loans	(89,971)	391,335
Proceeds (refunds) of guarantee deposits received	2,676	(3,023)
Repayment of the principal portion of lease liabilities	(20,692)	(44,751)
Payments for buy-back of ordinary shares	<u>(7,300)</u>	<u>(3,955)</u>
Net cash generated from financing activities	<u>589,413</u>	<u>197,616</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>3,546</u>	<u>9,391</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	349,164	(697,830)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>2,066,897</u>	<u>1,969,663</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 2,416,061</u>	<u>\$ 1,271,833</u>

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

(With Deloitte & Touche review report dated May 6, 2020)

(Concluded)

# CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

- a. Chia Hsin Cement Corporation (the “Company”) was incorporated in the Republic of China (the “ROC”) with capital of \$24,000 thousand in December 1954. Over the years, the Company has increased its capital through capital contributions in cash, undistributed earnings, and asset revaluation increments. As of March 31, 2020, the Company has authorized common stock amount of \$15,000,000 thousand and outstanding common stock amount of \$7,747,805 thousand. The Company’s business activities include cement manufacturing; wholesale of building materials; retail sale of building materials; non-metallic mining; mixed-concrete products manufacturing; international trade; construction and development of residences and buildings; lease, construction and development of industrial factory buildings; real estate commerce; real estate rental and leasing; reconstruction within the renewal area and warehousing and storage.
- b. On December 30, 2016, the Company’s subsidiary, Jiangsu Union Cement Co., Ltd., went into liquidation under the resolution of the subsidiary’s board of directors. Several disposal agreements have been reached and the subsidiary has been reclassified to the group of items ready for disposal, and presented on the consolidated financial statements as “discontinued operation”.

The Company’s shares have been listed on the Taiwan Stock Exchange (TSE) since November 1969.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 6, 2020.

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

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

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#### New IFRSs

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Amendments to IFRS 3 “Definition of a Business”  
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”  
Amendments to IAS 1 and IAS 8 “Definition of Material”

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

- b. The New IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</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 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: On March 17, 2020, the IASB resolved to postpone the application till the annual reporting periods beginning on or after January 1, 2023, whilst the amendment will be officially issued in the second quarter of 2020.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 financial statements shall prevail.

##### a. Statement of compliance

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

##### b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on 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 for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

See Note 15 and Table 6 and Table 8 in Note 41 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2019.

1) Retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2019 for the critical accounting judgments and key sources of estimation uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand	\$ 4,553	\$ 3,437	\$ 2,532
Checking accounts and demand deposits	1,411,591	1,308,034	758,950
Cash equivalents			
Commercial paper	165,940	118,923	104,876
Bank deposits (with original maturities of less than 3 months)	736,101	509,583	405,475
Repurchase agreements collateralized by bonds	<u>97,876</u>	<u>126,920</u>	<u>-</u>
	<u>\$ 2,416,061</u>	<u>\$ 2,066,897</u>	<u>\$ 1,271,833</u>

The market rate intervals of commercial paper, cash in the bank and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Commercial paper	0.39%-0.49%	0.50%-0.51%	0.43%-0.50%
Demand deposits and time deposits	0.07%-2.03%	0.001%-2.76%	0.001%-2.58%
Repurchase agreements collateralized by bonds	1.40%-2.10%	2.25%-2.40%	-

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets mandatorily measured at fair value through profit or loss (FVTPL) - current</u>			
Non-derivative financial assets			
Domestic listed shares	\$ 950,047	\$ 1,169,272	\$ 1,051,324
Overseas listed shares	76,426	101,423	144,205
Overseas mutual funds - beneficiary certificates	<u>342,289</u>	<u>348,908</u>	<u>654,218</u>
	<u>\$ 1,368,762</u>	<u>\$ 1,619,603</u>	<u>\$ 1,849,747</u>

The Group has investments in shares of Taiwan Cement Corporation. As of March 31, 2020, the Group held 20,315,899 shares (book value \$802,478 thousand) accounted for as financial instruments at fair value through profit or loss and 288,394,342 shares (book value \$11,391,576 thousand) accounted for as financial instruments at fair value through other comprehensive income. Information for other price risk and sensitivity analysis are provided in Note 35.

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

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Investments in equity instruments - current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 2,356,607	\$ 2,631,817	\$ 2,355,590
<u>Investments in equity instruments - non-current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 9,215,049	\$ 10,194,877	\$ 8,992,833
Unlisted shares	258,203	353,301	603,312
	<u>\$ 9,473,252</u>	<u>\$ 10,548,178</u>	<u>\$ 9,596,145</u>

These investments in equity instruments are held for medium to long-term strategic purposes, and expected to render long-term paybacks. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OVERDUE RECEIVABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes receivable</u>			
Gross carrying amount at amortized cost	\$ 142,433	\$ 166,923	\$ 144,169
Less: Allowance for impairment loss	(1,392)	(1,643)	(1,387)
	<u>\$ 141,041</u>	<u>\$ 165,280</u>	<u>\$ 142,782</u>
<u>Trade receivables</u>			
Gross carrying amount at amortized cost	\$ 79,452	\$ 61,462	\$ 57,314
Less: Allowance for impairment loss	(263)	(320)	(351)
	<u>\$ 79,189</u>	<u>\$ 61,142</u>	<u>\$ 56,963</u>
<u>Overdue receivables (Note)</u>			
Gross carrying amount at amortized cost	\$ 12,727	\$ 12,821	\$ 13,655
Less: Allowance for impairment loss	(12,727)	(12,821)	(13,655)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: The overdue receivables are classified to other assets. Please refer to Note 21.

## Notes Receivable

The average number of days of cashing the notes is 30 to 90 days. In order to mitigate credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Group reviews the recoverable amount of each individual notes receivable at the end of the year to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivable are estimated by reference to the past default experience of the debtor, an analysis of the debtor's current financial position, and economic conditions.

## Trade Receivables

The average credit period of the sales of goods was 60 to 180 days, and no interest was charged on overdue trade receivables. In determining the recoverability of the trade receivables, the Group considered any change in the credit quality of the trade receivables since the date credit was initially granted to the end of the reporting period. From historical experience, most of the receivables were recovered.

Before accepting new customers, the Group assesses that the credit quality of the potential customer complied with the administration regulations of customer credit, and set up the credits limit for each customer. The credit rating of customers would then be assessed by the supervisors and given an ultimate credit limit.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix and by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables (including trade receivables from related parties) based on the Group's provision matrix:

March 31, 2020

	<b>Not Overdue</b>	<b>Overdue Less than 90 Days</b>	<b>Overdue 90-360 Days</b>	<b>Overdue 1 Year or More</b>	<b>Total</b>
Expected credit loss rate	0.72%	0.99%	-	100%	
Gross carrying amount	\$ 216,577	\$ 10,544	\$ -	\$ 12,727	\$ 239,848
Allowance for impairment loss (Lifetime ECLs)	<u>(1,550)</u>	<u>(105)</u>	<u>-</u>	<u>(12,727)</u>	<u>(14,382)</u>
Amortized cost	<u>\$ 215,027</u>	<u>\$ 10,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,466</u>



December 31, 2019

	Not Overdue	Overdue Less than 90 Days	Overdue 90-360 Days	Overdue 1 Year or More	Total
Expected credit loss rate	0%-1.00%	0%-1.00%	0%-1.00%	100%	
Gross carrying amount	\$ 229,607	\$ 1,166	\$ 292	\$ 12,821	\$ 243,886
Allowance for impairment loss (Lifetime ECLs)	<u>(1,955)</u>	<u>(6)</u>	<u>(2)</u>	<u>(12,821)</u>	<u>(14,784)</u>
Amortized cost	<u>\$ 227,652</u>	<u>\$ 1,160</u>	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ 229,102</u>

March 31, 2019

	Not Overdue	Overdue Less than 90 Days	Overdue 90-360 Days	Overdue 1 Year or More	Total
Expected credit loss rate	0.61%-0.96%	0.61%	0.61%	100%	
Gross carrying amount	\$ 204,592	\$ 748	\$ 182	\$ 13,655	\$ 219,177
Allowance for impairment loss (Lifetime ECLs)	<u>(1,732)</u>	<u>(5)</u>	<u>(1)</u>	<u>(13,655)</u>	<u>(15,393)</u>
Amortized cost	<u>\$ 202,860</u>	<u>\$ 743</u>	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ 203,784</u>

The movements of the loss allowance of trade receivables and trade receivables from related parties were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 14,784	\$ 16,038
Less: Net impairment losses reversed	(308)	(948)
Foreign exchange gains and losses	<u>(94)</u>	<u>303</u>
Balance at March 31	<u>\$ 14,382</u>	<u>\$ 15,393</u>

**10. OTHER RECEIVABLES**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Interest receivables	\$ 20,839	\$ 18,197	\$ 31,559
Other receivables from the disposal of investments	-	43,713	-
VAT refund receivables	332,865	330,403	-
Others	10,298	12,553	11,894
Less: Allowance of impairment loss	<u>(1,848)</u>	<u>(1,862)</u>	<u>(1,983)</u>
	<u>\$ 362,154</u>	<u>\$ 403,004</u>	<u>\$ 41,470</u>

The movements of the loss allowance of other receivables were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 1,862	\$ 1,939
Foreign exchange gains and losses	<u>(14)</u>	<u>44</u>
Balance at March 31	<u><u>\$ 1,848</u></u>	<u><u>\$ 1,983</u></u>

The following table details the loss allowance of others receivables based on the Group's provision matrix:

March 31, 2020

	<b>Not Overdue</b>	<b>Overdue Less than 90 Days</b>	<b>Overdue 90-360 Days</b>	<b>Overdue 1 Year or More</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	100%	
Gross carrying amount	\$ 362,105	\$ 49	\$ -	\$ 1,848	\$ 364,002
Allowance of impairment loss (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,848)</u>	<u>(1,848)</u>
Amortized cost	<u><u>\$ 362,105</u></u>	<u><u>\$ 49</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 362,154</u></u>

December 31, 2019

	<b>Not Overdue</b>	<b>Overdue Less than 90 Days</b>	<b>Overdue 90-360 Days</b>	<b>Overdue 1 Year or More</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	100%	
Gross carrying amount	\$ 403,004	\$ -	\$ -	\$ 1,862	\$ 404,866
Allowance of impairment loss (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,862)</u>	<u>(1,862)</u>
Amortized cost	<u><u>\$ 403,004</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 403,004</u></u>

March 31, 2019

	<b>Not Overdue</b>	<b>Overdue Less than 90 Days</b>	<b>Overdue 90-360 Days</b>	<b>Overdue 1 Year or More</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	100%	
Gross carrying amount	\$ 41,470	\$ -	\$ -	\$ 1,983	\$ 43,453
Allowance for impairment loss (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,983)</u>	<u>(1,983)</u>
Amortized cost	<u><u>\$ 41,470</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 41,470</u></u>

Other receivables were mainly interest, VAT refund receivables and proceeds of marketable securities disposed. The Group only transacts with counterparts who have good credit ratings. The Group continues to monitor the conditions of the receivables and refers to the past default experience of the debtor and the analysis of the debtor's current financial position in determining whether the credit risk of the other receivables increased significantly since the initial recognition as well as in measuring the expected credit losses.

## 11. FINANCE LEASE RECEIVABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Undiscounted lease payments</u>			
Year 1	\$ 2,743	\$ 2,743	\$ 2,743
Year 2	2,857	2,800	2,743
Year 3	2,971	2,971	2,857
Year 4	2,971	2,971	2,971
Year 5	373	1,115	2,971
Year 6 onwards	-	-	373
	<u>11,915</u>	<u>12,600</u>	<u>14,658</u>
Less: Unearned finance income	<u>(535)</u>	<u>(600)</u>	<u>(816)</u>
Finance lease payments receivable	<u>11,380</u>	<u>12,000</u>	<u>13,842</u>
Net investment in leases presented as finance lease receivables	<u>\$ 11,380</u>	<u>\$ 12,000</u>	<u>\$ 13,842</u>
<u>Lease payments receivable</u>			
Not later than 1 year	\$ 2,518	\$ 2,504	\$ 2,462
Later than 1 year and not later than 5 years	<u>8,862</u>	<u>9,496</u>	<u>11,380</u>
	<u>\$ 11,380</u>	<u>\$ 12,000</u>	<u>\$ 13,842</u>

The Group has been subleasing its building (dormitory in National Taiwan University) to Gping Wellness Co., Ltd. since August 2015. As the Group subleases the retail stores for all the remaining lease term of the main lease to the sublessee, the sublease contract is classified as a finance lease. The sublease was previously classified as operating lease under IAS 17.

The interest rates inherent in the leases are fixed at the contract dates for the entire term of the lease. The interest rate inherent in the finance leases is 2.25% per annum as of March 31, 2020, December 31, 2019 and March 31, 2019.

To reduce the residual asset risk related to the leased building at the end of the relevant lease, the lease contract includes general risk management strategy of the Group.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. As of March 31, 2020, December 31, 2019 and March 31, 2019, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessee operates, together with the value of collateral held over these finance lease receivables.

## 12. INVENTORIES

	March 31, 2020	December 31, 2019	March 31, 2019
Finished goods	\$ 16,018	\$ 40,180	\$ 4,399
Raw materials	219	192	82
Supplies	<u>1,055</u>	<u>1,372</u>	<u>1,562</u>
	<u>17,292</u>	<u>41,744</u>	<u>6,043</u>
Land held for construction	<u>3,166</u>	<u>3,166</u>	<u>3,166</u>
	<u>\$ 20,458</u>	<u>\$ 44,910</u>	<u>\$ 9,209</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2020 and 2019 was \$239,656 thousand and \$236,312 thousand, respectively.

## 13. DISPOSAL GROUPS HELD FOR SALE

### a. Discontinued operations

On December 30, 2016, the board of directors of the Company resolved to liquidate Jiangsu Union Cement Co., Ltd. (hereafter referred to as the “Union Cement,”) and to cease the production of cement clinker. In May 2018, Union Cement entered into contract with Zhenjiang City Construction Industry Group Company Limited, Jurong Taiwan Cement Co., Ltd., and Jiangsu Jinbiaoying Construction Co., Ltd. to dispose of its land use rights, buildings, inventory, and equipment. The transactions for disposal of inventory and equipment were completed in August 2018. The cancellation of the registration of remaining land use rights and buildings in Zhenjiang Bureau of Land and Resources was completed on July 5, 2018, and the demolition and transfer of the assets were completed in June 2019.

The above transactions met the criteria of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations.” Therefore, assets disposed of were classified as a disposal group held for sale. The disposal group was presented as a discontinued operation since it met the definition of discontinued operations.

The profit or loss of the discontinued operations was as follows:

	For the Three Months Ended March 31	
	2020	2019
Profit or loss for the year	<u>\$ 2,777</u>	<u>\$ 851</u>
Reversals of impairment losses on changes in fair value less costs to sell	-	-
Income tax expense	<u>-</u>	<u>-</u>
	<u>\$ 2,777</u>	<u>\$ 851</u>

The details of profit (loss) from discontinued operations and the related cash flow information were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue	\$ -	\$ -
Operating costs	<u>-</u>	<u>-</u>
Gross profit	-	-
Selling and marketing expenses	-	-
General and administrative expenses	<u>(966)</u>	<u>-</u>
Loss from operations	(966)	-
Other income	3,743	10
Other profit or loss	-	1,293
Finance costs	<u>-</u>	<u>(452)</u>
Profit before tax	2,777	851
Income tax expense	<u>-</u>	<u>-</u>
Net profit for the year	<u>\$ 2,777</u>	<u>\$ 851</u>
Profit from discontinued operations attributable to:		
Owners of the Company	\$ 2,777	\$ 851
Non-controlling interests	<u>-</u>	<u>-</u>
	<u>\$ 2,777</u>	<u>\$ 851</u>
Cash flows		
Operating activities	\$ (7,961)	\$ (17,697)
Investing activities	3,743	91,448
Financing activities	<u>-</u>	<u>-</u>
Net cash (outflows) inflows	<u>\$ (4,218)</u>	<u>\$ 73,751</u>

b. Disposal groups held for sale

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Total amount of disposal group held for sale	<u>\$ 42,226</u>	<u>\$ 42,537</u>	<u>\$ 494,094</u>
Liabilities directly associated with disposal groups classified as held for sale	<u>\$ 377,984</u>	<u>\$ 380,771</u>	<u>\$ 748,831</u>

March 31, 2020

	<b>Shanghai Jia Huan Concrete Co., Ltd.</b>
Property, plant and equipment - machinery	\$ 11,415
Investment property - building	14,736
Right-of-use asset - land	<u>16,075</u>
Total amount of disposal group held for sale	<u>\$ 42,226</u>
Advance receipt	<u>\$ 377,984</u>
Liabilities directly associated with disposal groups classified as held for sale	<u>\$ 377,984</u>

December 31, 2019

	<b>Shanghai Jia Huan Concrete Co., Ltd.</b>
Property, plant and equipment - machinery	\$ 11,499
Investment property - building	14,844
Right-of-use asset - land	<u>16,194</u>
Total amount of disposal group held for sale	<u>\$ 42,537</u>
Advance receipt	<u>\$ 380,771</u>
Liabilities directly associated with disposal groups classified as held for sale	<u>\$ 380,771</u>

March 31, 2019

	<b>Union Cement</b>	<b>Shanghai Jia Huan Concrete Co., Ltd.</b>	<b>Total</b>
Property, plant and equipment - leasehold improvement	\$ 335,787	\$ -	\$ 335,787
Property, plant and equipment - machinery	-	12,247	12,247
Investment property - building	-	15,810	15,810
Right-of-use asset - land	<u>113,002</u>	<u>17,248</u>	<u>130,250</u>
Total amount of disposal group held for sale	<u>\$ 448,789</u>	<u>\$ 45,305</u>	<u>\$ 494,094</u>
Guarantee deposit received	\$ 22,886	\$ -	\$ 22,886
Advance receipt	<u>320,397</u>	<u>405,548</u>	<u>725,945</u>
Liabilities directly associated with disposal groups classified as held for sale	<u>\$ 343,283</u>	<u>\$ 405,548</u>	<u>\$ 748,831</u>

- 1) The operation of Union Cement was categorized as “cement” for segment presentation purposes, and was reclassified as a disposal group held for sale and presented separately in the balance sheet. The disposal transactions, demolition and transfer of the aforementioned assets in the disposal group classified as held for sale were completed on June 15, 2019.

As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group had received advance partial payments of \$0, \$0 and \$320,397 thousand, respectively, for the disposal. The advance receipt was presented as liability directly associated with disposal groups classified as held for sale.

The sales proceeds were expected to exceed the carrying amount of the related net assets and, accordingly, no impairment losses were recognized on the classification of these operations as held for sale.

- 2) On June 26, 2018, the board of directors of the Company resolved to authorize the subsidiary, Shanghai Jia Huan Concrete Co., Ltd., (hereafter referred to as “Shanghai Jia Huan”), to act in accordance with the land reserve plan for environmental improvement by Shanghai city, and to dispose of its plants located in the waterfront area of Xuhui District and the related land use rights. On July 12, 2018, the board of directors and the shareholders’ meeting of Shanghai Jia Huan resolved to enter into a compensation contract with Shanghai Xuhui District Land Reserve Center and Shanghai Xuhui Waterfront Development, Construction, and Investment Co., Ltd. The compensation contract was signed in August 2018, and the transfer of assets is still in process. The related assets were reclassified as a disposal group held for sale and presented separately in the balance sheet.

As of March 31, 2020, December 31, 2019 and March 31, 2019, Shanghai Jia Huan had received advance partial payments of \$377,984 thousand, \$380,771 thousand and \$405,548 thousand for the disposal. The advance received was presented as liability directly associated with disposal groups classified as held for sale.

The sales proceeds were expected to exceed the carrying amount of the related net assets and, accordingly, no impairment losses were recognized on the classification of these operations as held for sale.

#### 14. OTHER FINANCIAL ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Principal protected investments (Note)	\$ 1,093,377	\$ 1,174,370	\$ 1,137,411
Bank deposits (original maturities of more than 3 months)	<u>2,258,540</u>	<u>2,243,645</u>	<u>2,479,647</u>
	<u>\$ 3,351,917</u>	<u>\$ 3,418,015</u>	<u>\$ 3,617,058</u>
<u>Non-current</u>			
Restricted deposits	<u>\$ 21,747</u>	<u>\$ 23,588</u>	<u>\$ 21,340</u>

Note: Early redemption is inapplicable to the investment product.

- a. The Group has tasked its credit management committee to develop a credit risk grading framework to determine whether the credit risk of the other financial assets increases significantly since the last period to the reporting date as well as to measure the expected credit losses. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors. In the consideration of an analysis of the debtor’s current financial position and the forecasted direction of economic conditions in the industry, the Group forecasts 12-month expected credit losses or lifetime

expected credit losses of other financial assets. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group assessed the expected credit loss rate as 0%.

- b. Refer to Note 37 for the carrying amounts of financial assets pledged by the Group to secure obligations.

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Interest rate range</u>			
Principal protected investments	3.10%-3.48%	3.05%-3.50%	2.95%-4.00%
Bank deposits (original maturities of more than 3 months)	0.57%-2.60%	0.11%-2.70%	0.63%-3.12%
Restricted deposits	0.12%-1.065%	0.12%-1.065%	0.12%-1.065%

## 15. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
Chia Hsin Cement Corporation	Chia Hsin Construction & Development Corp.	Office buildings construction and lease and sale of public housings	(Note 6)	(Note 6)	(Note 6)	
	Tong Yang Chia Hsin International Corporation	General international trade (all business items that are not prohibited or restricted by law, except those that are subject to special approval)	87.18	87.18	87.18	
	Chia Hsin Property Management & Development Corporation	Wholesale and retail business of machinery; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling	100.00	100.00	100.00	
	Chia Pei International Corporation	Mining; wholesale of building materials; nonmetallic mining; retail sale of building materials; international trade; rental and leasing business; retail sale of other machinery and equipment	100.00	100.00	100.00	
	Chia Hsin Pacific Limited	Holding company	74.16	74.16	74.16	Exchange rate risk
	BlueSky. Co., Ltd.	International trade; real estate trading; real estate leasing	100.00	100.00	100.00	
	YJ International Corporation (Note 1)	Real estate rental and leasing; real estate management; realtor agent	100.00	100.00	100.00	
YJ International Corporation	Jaho Life Plus+ Management Corp., Ltd. (Note 2)	Management consulting service	100.00	100.00	100.00	
	CHC Ryukyu Development GK (Notes 3 and 4)	Real estate rental and leasing; management consulting service	100.00	100.00	100.00	Exchange rate risk
	CHC Ryukyu COLLECTIVE KK (Notes 4 and 5)	Hotel management	100.00	100.00	-	Exchange rate risk
Tong Yang Chia Hsin International Corporation	Tong Yang Chia Hsin Marine Corp.	Shipping service	100.00	100.00	100.00	Exchange rate risk
Tong Yang Chia Hsin Marine Corp.	Chia Hsin Pacific Limited	Holding company	24.18	24.18	24.18	Exchange rate risk and political risk arising from Cross-Strait relations
	Jiangsu Jiaguo Construction Material Storage Co., Ltd.	Engaging in overland delivery of ordinary goods and the processing, manufacturing and selling of cement and other construction material	100.00	100.00	100.00	
Jiangsu Jiaguo Construction Material Storage Co., Ltd.	Jiangsu Jiabin Property Limited Company	Developing and selling real estate and providing property management service	100.00	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Chia Hsin Property Management & Development Corporation	Chia Sheng Construction Corp.	Wholesale and retail business of machinery; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling	100.00	100.00	100.00	
Chia Hsin Pacific Limited	Effervesce Investment Pte. Ltd.	Investment and holding company	100.00	100.00	100.00	Exchange rate risk
Effervesce Investment Pte. Ltd.	Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Consulting for developing information system for business and finance purpose.	100.00	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
	Shanghai Chia Hsin Ganghui Co., Ltd.	Warehousing and packing bulk cement and formulating and delivering high-strength cement.	100.00	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations

(Continued)



Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
	Shanghai Jia Huan Concrete Co., Ltd.	Processing, manufacturing and selling of cement, concrete and other related products.	68.00	68.00	68.00	Exchange rate risk and political risk arising from Cross-Straits relations
Chia Hsin Pacific Limited	Yonica Pte Ltd	Investment and holding company	100.00	100.00	100.00	Exchange rate risk
Yonica Pte Ltd	Jiangsu Union Cement Co., Ltd. (Note 7)	Processing, manufacturing and selling of cement.	100.00	100.00	100.00	Exchange rate risk and political risk arising from Cross-Straits relations
Chia Hsin Pacific Limited	Sparkview Pte. Ltd.	Investment and holding company	100.00	100.00	100.00	Exchange rate risk
Sparkview Pte. Ltd.	Shanghai Jia Huan Concrete Co., Ltd.	Processing, manufacturing and selling of cement, concrete and other related products.	32.00	32.00	32.00	Exchange rate risk and political risk arising from Cross-Straits relations
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Consulting for management of healthcare and hotel business.	70.00	70.00	70.00	Exchange rate risk and political risk arising from Cross-Straits relations
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd. (Note 8)	Providing healthcare service to mothers in pregnancy, parturition and postpartum period.	100.00	100.00	100.00	Exchange rate risk and political risk arising from Cross-Straits relations

(Concluded)

Note 1: On March 18, 2019 and November 20, 2019, the Group increased its investments by \$680,000 thousand and \$700,000 thousand, respectively.

Note 2: On January 16, 2020, the Group increased its investment for the amount of \$50,000 thousand.

Note 3: On March 22, 2019, YJ International Corporation increased its investment in CHC Ryukyu Development GK for the amount of JPY2,400,000 thousand.

Note 4: On July 1, 2019, CHC Ryukyu Development GK underwent a spin-off and established a new company, CHC Ryukyu COLLECTIVE KK, with the share capital, JPY4,570,425 thousand, transferred to CHC Ryukyu COLLECTIVE KK.

Note 5: On November 27, 2019, YJ International Corporation increased its investment in CHC Ryukyu COLLECTIVE KK for the amount of JPY2,450,000 thousand.

Note 6: On February 20, 2019, the board of directors (BOD) of the Company passed a resolution for the Company to enter into a sale agreement and the Company sold 4,300 thousand shares of Chia Hsin Construction & Development Corp. to strategic investors. Thereafter, the ratio of the Company's shareholding decreased from 49.87% to 43.87%. Considering the united agreement made among the other shareholders of Chia Hsin Construction & Development Corp., the Company lost the control over Chia Hsin Construction & Development Corp., which is thereafter excluded from the consolidated financial report. For more details about the disposal of subsidiary, please refer to Note 32.

Note 7: On December 30, 2016, the company went into liquidation under the resolution of the board of directors.

Note 8: On January 7, 2019, Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. injected RMB10,000 thousand to establish Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd., which is thereafter included into the consolidated financial report. On January 16, 2020, Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. increased investment by RMB10,000 thousand in Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd.

Note 9: Except for Chia Hsin Property Management & Development Corporation, Chia Hsin Pacific Limited, Union Cement, Shanghai Jia Huan and Chia Pei International Corporation (the significant subsidiary), which are reviewed by the independent auditors, the other non-significant subsidiaries included in the consolidated financial report for the three months ended March 31, 2019 are presented using unreviewed financial statements from each entity. Except for Chia Hsin Property Management & Development Corporation, Tong Yang Chia Hsin International Corporation and Chia Pei International Corporation (the significant subsidiary), which are reviewed by the independent auditors, the other non-significant subsidiaries included in the consolidated financial report for the three months ended March 31, 2020 are presented using unreviewed financial statements from each entity. As of March 31, 2020 and 2019, combined total assets of these non-significant subsidiaries were \$12,538,947 thousand and \$13,211,643 thousand, respectively, representing 33.83% and 38.37%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$5,172,275 thousand and \$2,458,768 thousand, respectively, representing 34.19% and 19.19%, respectively, of the consolidated total liabilities; for the three-month periods ended March 31, 2020 and 2019, the amounts of combined comprehensive income of these subsidiaries were \$(142,126) thousand and \$130,544 thousand, respectively, representing 8.21% and 7.37%, respectively, of the consolidated total comprehensive income.

Any transaction, account balance, revenue and expense between the consolidated entities is eliminated and not shown on the consolidated financial statements.

b. Details of subsidiaries that have material non-controlling interests

	<b>Proportion of Ownership and Voting Rights Held by Non-Controlling Interests</b>		
	<b>December 31,</b>		
	<b>March 31, 2020</b>	<b>2019</b>	<b>March 31, 2019</b>
Tong Yang Chia Hsin International Corporation	12.82%	12.82%	12.82%

Note: In February 2019, the Group disposed of part of the shares and lost control over Chia Hsin Construction & Development Corp. The company no longer is a subsidiary of the Group. Nonetheless, the Group still has significant influence over Chia Hsin Construction & Development Corp. For detail information of associates that have material interests, please refer to Note 16.

Refer to Note 41, Tables 6 and 8 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the subsidiaries and associates.

<b>Name of Subsidiary</b>	<b>Profit (Loss) Allocated to Non-controlling Interests For the Three Months Ended</b>		<b>Accumulated Non-controlling Interests</b>		
	<b>March 31</b>		<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
Tong Yang Chia Hsin International Corporation	<u>\$ (2,970)</u>	<u>\$ 10,864</u>	<u>\$ 890,789</u>	<u>\$ 945,777</u>	<u>\$ 882,803</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Tong Yang Chia Hsin International Corporation

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Current assets	\$ 2,331,093	\$ 2,499,479	\$ 2,438,623
Non-current assets	4,876,240	5,178,332	4,804,463
Current liabilities	(62,021)	(81,737)	(166,443)
Non-current liabilities	<u>(197,972)</u>	<u>(217,117)</u>	<u>(191,386)</u>
Equity	<u>\$ 6,947,340</u>	<u>\$ 7,378,957</u>	<u>\$ 6,885,257</u>
Equity attributable to:			
Owners of the Group	\$ 6,056,551	\$ 6,433,180	\$ 6,002,454
Non-controlling interests of Tong Yang Chia Hsin International Corporation	<u>890,789</u>	<u>945,777</u>	<u>882,803</u>
Carrying amount	<u>\$ 6,947,340</u>	<u>\$ 7,378,957</u>	<u>\$ 6,885,257</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2020</b>	<b>2019</b>
Operating revenue		<u>\$ 27,248</u>	<u>\$ 24,983</u>
Net profit (loss) for the year		\$ (23,168)	\$ 84,738
Other comprehensive income (loss)		<u>(1,325,516)</u>	<u>694,467</u>
Total comprehensive income (loss) for the year		<u>\$ (1,348,684)</u>	<u>\$ 779,205</u>
Profit (loss) attributable to:			
Owners of Group		\$ (20,198)	\$ 73,874
Non-controlling interests of Tong Yang Chia Hsin International Corporation		<u>(2,970)</u>	<u>10,864</u>
		<u>\$ (23,168)</u>	<u>\$ 84,738</u>
Total comprehensive income (loss) attributable to:			
Owners of Group		\$ (1,175,782)	\$ 679,311
Non-controlling interests of Tong Yang Chia Hsin International Corporation		<u>(172,902)</u>	<u>99,894</u>
		<u>\$ (1,348,684)</u>	<u>\$ 779,205</u>
Net cash inflow (outflow) from:			
Operating activities		\$ (31,873)	\$ 4,245
Investing activities		177,317	1,619
Financing activities		<u>4,244</u>	<u>(10,568)</u>
Net cash inflow (outflow)		<u>\$ 149,688</u>	<u>\$ (4,704)</u>

## 16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2020	December 31, 2019	March 31, 2019
Investments in associates	\$ 2,327,243	\$ 2,485,374	\$ 2,373,631
Investments in joint ventures	<u>164,282</u>	<u>164,294</u>	<u>172,138</u>
	<u>\$ 2,491,525</u>	<u>\$ 2,649,668</u>	<u>\$ 2,545,769</u>

### a. Investments in associates

	March 31, 2020	December 31, 2019	March 31, 2019
Material associates			
LDC ROME HOTELS S.R.L.	\$ 372,603	\$ 390,640	\$ 409,268
Chia Hsin Construction & Development Corp.	1,698,557	1,783,114	1,681,891
Associates that are not individually material	<u>256,083</u>	<u>311,620</u>	<u>282,472</u>
	<u>\$ 2,327,243</u>	<u>\$ 2,485,374</u>	<u>\$ 2,373,631</u>

### 1) Material associates

	<b>Proportion of Ownership and Voting Rights</b>		
	March 31, 2020	December 31, 2019	March 31, 2019
LDC ROME HOTELS S.R.L.	40.00%	40.00%	40.00%
Chia Hsin Construction & Development Corp.	43.87%	43.87%	43.87%

Refer to Note 41, Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group use equity method to evaluate the associates mentioned above.

The financial information below was made according to the associates’ IFRS consolidated financial report and was adjusted by using equity method.

LDC ROME HOTELS S.R.L.

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Current assets	\$ 234,437	\$ 254,372	\$ 591,460
Non-current assets	1,793,868	2,135,465	1,949,515
Current liabilities	(249,177)	(556,693)	(479,506)
Non-current liabilities	<u>(847,620)</u>	<u>(856,545)</u>	<u>(1,038,300)</u>
Equity	<u>\$ 931,508</u>	<u>\$ 976,599</u>	<u>\$ 1,023,169</u>
Proportion of the Group's ownership	40.00%	40.00%	40.00%
Equity attributable to the Group	<u>\$ 372,603</u>	<u>\$ 390,640</u>	<u>\$ 409,268</u>
Carrying amount	<u>\$ 372,603</u>	<u>\$ 390,640</u>	<u>\$ 409,268</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue	<u>\$ 85,615</u>	<u>\$ 131,425</u>
Net loss for the year	\$ (37,622)	\$ (17,334)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u>\$ (37,622)</u>	<u>\$ (17,334)</u>

Chia Hsin Construction & Development Corp.

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Current assets	\$ 1,811,023	\$ 1,718,219	\$ 1,477,996
Non-current assets	2,483,907	2,634,877	2,855,272
Current liabilities	(208,274)	(146,471)	(182,298)
Non-current liabilities	<u>(244,211)</u>	<u>(171,433)</u>	<u>(346,512)</u>
Equity	<u>\$ 3,842,445</u>	<u>\$ 4,035,192</u>	<u>\$ 3,804,458</u>
Proportion of the Group's ownership	43.87%	43.87%	43.87%
Equity attributable to the Group	\$ 1,685,682	\$ 1,770,239	\$ 1,669,016
Premium representing the difference between fair value and book value of remaining equity investments	<u>12,875</u>	<u>12,875</u>	<u>12,875</u>
Carrying amount	<u>\$ 1,698,557</u>	<u>\$ 1,783,114</u>	<u>\$ 1,681,891</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue	\$ <u>253,695</u>	\$ <u>26,244</u>
Net profit for the year	\$ 53,846	\$ 68,460
Other comprehensive (loss) income	<u>(246,593)</u>	<u>71,975</u>
Total comprehensive (loss) income for the year	\$ <u>(192,747)</u>	\$ <u>140,435</u>

2) Aggregate information of associates that are not individually material

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
The Group's share of:		
(Loss) profit from continuing operations	\$ (7,146)	\$ 1,121
Other comprehensive (loss) income	<u>(26,858)</u>	<u>6,840</u>
Total comprehensive (loss) income for the year	\$ <u>(34,004)</u>	\$ <u>7,961</u>

b. Investments in joint ventures

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Joint ventures that are not individually material			
Jiangsu Union Mining Industry Ltd. (Note)	\$ <u>164,282</u>	\$ <u>164,294</u>	\$ <u>172,138</u>

Note: On January 17, 2019, the board of directors resolved to liquidate the company.

Refer to Note 41, Table 8 "Information of Investment in Mainland China" for the nature of activities, principal places of business and countries of incorporation of joint ventures.

The abovementioned investments in joint ventures were accounted for using equity method.

- c. The investment accounted for using equity method and the Group's share of profit or loss from such investment is calculated by using each entity's non-reviewed financial report.

## 17. PROPERTY, PLANT AND EQUIPMENT

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Assets used by the Group	\$ 6,429,205	\$ 6,435,394	\$ 3,726,282
Assets leased under operating leases	<u>98,063</u>	<u>100,180</u>	<u>74,017</u>
	\$ <u>6,527,268</u>	\$ <u>6,535,574</u>	\$ <u>3,800,299</u>

a. Assets used by the Group

	Land	Building	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2019	\$ 1,047,829	\$ 59	\$ 967,576	\$ 40,762	\$ 2,839,608	\$ 181,478	\$ 1,284,561	\$ 6,361,873
Additions	-	-	-	1,181	-	657	378,726	380,564
Disposals	-	-	-	(649)	-	-	-	(649)
Transferred due to loss of control	-	-	-	(11,780)	(1,157)	(2,335)	-	(15,272)
Transferred to assets leased under operating leases	-	-	(239,154)	-	(86,700)	(2,863)	-	(328,717)
Effect of foreign currency exchange differences	373	1	6,355	148	2,441	282	1,463	11,063
Balance at March 31, 2019	<u>\$ 1,048,202</u>	<u>\$ 60</u>	<u>\$ 734,777</u>	<u>\$ 29,662</u>	<u>\$ 2,754,192</u>	<u>\$ 177,219</u>	<u>\$ 1,664,750</u>	<u>\$ 6,408,862</u>
<u>Revaluation</u>								
Balance at January 1, 2019	\$ -	\$ -	\$ 22,562	\$ 487	\$ -	\$ 357	\$ -	\$ 23,406
Effect of foreign currency exchange differences	-	-	-	-	-	-	-	-
Balance at March 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,562</u>	<u>\$ 487</u>	<u>\$ -</u>	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ 23,406</u>
<u>Accumulated Depreciation</u>								
Balance at January 1, 2019	\$ -	\$ 59	\$ 862,615	\$ 28,611	\$ 1,531,306	\$ 147,911	\$ -	\$ 2,570,502
Depreciation expenses	-	-	5,965	772	32,149	1,911	-	40,797
Disposals	-	-	-	(649)	-	-	-	(649)
Transferred due to loss of control	-	-	-	(5,465)	(1,037)	(1,974)	-	(8,476)
Transferred to assets leased under operating leases	-	-	(213,324)	-	(37,963)	(2,467)	-	(253,754)
Effect of foreign currency exchange differences	-	1	5,565	73	1,077	238	-	6,954
Balance at March 31, 2019	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 660,821</u>	<u>\$ 23,342</u>	<u>\$ 1,525,532</u>	<u>\$ 145,619</u>	<u>\$ -</u>	<u>\$ 2,355,374</u>
<u>Accumulated Impairment</u>								
Balance at January 1, 2019	\$ -	\$ -	\$ 56,216	\$ -	\$ 152,610	\$ -	\$ 138,427	\$ 347,253
Effect of foreign currency exchange differences	-	-	210	-	-	-	3,149	3,359
Balance at March 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,426</u>	<u>\$ -</u>	<u>\$ 152,610</u>	<u>\$ -</u>	<u>\$ 141,576</u>	<u>\$ 350,612</u>
Carrying amounts at January 1, 2019	<u>\$ 1,047,829</u>	<u>\$ -</u>	<u>\$ 71,307</u>	<u>\$ 12,638</u>	<u>\$ 1,155,692</u>	<u>\$ 33,924</u>	<u>\$ 1,146,134</u>	<u>\$ 3,467,524</u>
Carrying amounts at March 31, 2019	<u>\$ 1,048,202</u>	<u>\$ -</u>	<u>\$ 40,092</u>	<u>\$ 6,807</u>	<u>\$ 1,076,050</u>	<u>\$ 31,957</u>	<u>\$ 1,523,174</u>	<u>\$ 3,726,282</u>
<u>Cost</u>								
Balance at January 1, 2020	\$ 1,053,422	\$ 3,649,892	\$ 821,036	\$ 17,732	\$ 2,716,705	\$ 628,807	\$ 91,480	\$ 8,979,074
Additions	-	164	587	-	30,744	7,973	9,799	49,267
Disposals	(5,377)	-	-	-	-	-	-	(5,377)
Reclassified from property under construction	-	9,590	-	-	74,608	4,412	(88,610)	-
Effect of foreign currency exchange differences	10,585	37,107	1,496	(21)	386	4,006	69	53,628
Balance at March 31, 2020	<u>\$ 1,058,630</u>	<u>\$ 3,696,753</u>	<u>\$ 823,119</u>	<u>\$ 17,711</u>	<u>\$ 2,822,443</u>	<u>\$ 645,198</u>	<u>\$ 12,738</u>	<u>\$ 9,076,592</u>
<u>Revaluation</u>								
Balance at January 1, 2020	\$ -	\$ -	\$ 15,806	\$ -	\$ -	\$ 357	\$ -	\$ 16,163
Disposals	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-	-	-	-	-
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ 16,163</u>
<u>Accumulated Depreciation</u>								
Balance at January 1, 2020	\$ -	\$ 12,175	\$ 559,835	\$ 11,918	\$ 1,609,350	\$ 158,107	\$ -	\$ 2,351,385
Depreciation expenses	-	34,972	11,160	368	32,374	24,556	-	103,430
Disposals	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	370	(286)	(3)	86	177	-	344
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 47,517</u>	<u>\$ 570,709</u>	<u>\$ 12,283</u>	<u>\$ 1,641,810</u>	<u>\$ 182,840</u>	<u>\$ -</u>	<u>\$ 2,455,159</u>
<u>Accumulated Impairment</u>								
Balance at January 1, 2020	\$ -	\$ -	\$ 55,848	\$ -	\$ 152,610	\$ -	\$ -	\$ 208,458
Effect of foreign currency exchange differences	-	-	(67)	-	-	-	-	(67)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,781</u>	<u>\$ -</u>	<u>\$ 152,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,391</u>
Carrying amounts at January 1, 2020	<u>\$ 1,053,422</u>	<u>\$ 3,637,717</u>	<u>\$ 221,159</u>	<u>\$ 5,814</u>	<u>\$ 954,745</u>	<u>\$ 471,057</u>	<u>\$ 91,480</u>	<u>\$ 6,435,394</u>
Carrying amounts at March 31, 2020	<u>\$ 1,058,630</u>	<u>\$ 3,649,236</u>	<u>\$ 212,435</u>	<u>\$ 5,428</u>	<u>\$ 1,028,023</u>	<u>\$ 462,715</u>	<u>\$ 12,738</u>	<u>\$ 6,429,205</u>

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

Buildings	
Office building	20 years
Storage and plant	20 years
Others	8-47 years
Machinery and equipment	2-20 years
Transportation equipment	2-10 years
Leasehold improvement	
Office building	10-40 years
Storage and plant	7-40 years
Others	3-24 years
Other equipment	3-20 years

b. Assets leased under operating leases

	<b>Machinery and Equipment</b>	<b>Leasehold Improvement</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2019	\$ -	\$ -	\$ -	\$ -
Additions	-	-	-	-
Disposals	-	-	-	-
From assets used by the Group	239,154	86,700	2,863	328,717
Effect of foreign currency exchange differences	<u>341</u>	<u>124</u>	<u>4</u>	<u>469</u>
Balance at March 31, 2019	<u>\$ 239,495</u>	<u>\$ 86,824</u>	<u>\$ 2,867</u>	<u>\$ 329,186</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2019	\$ -	\$ -	\$ -	\$ -
From assets used by the Group	213,324	37,963	2,467	253,754
Depreciation expenses	547	490	12	1,049
Effect of foreign currency exchange differences	<u>305</u>	<u>57</u>	<u>4</u>	<u>366</u>
Balance at March 31, 2019	<u>\$ 214,176</u>	<u>\$ 38,510</u>	<u>\$ 2,483</u>	<u>\$ 255,169</u>
Carrying amounts at January 1, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amounts at March 31, 2019	<u>\$ 25,319</u>	<u>\$ 48,314</u>	<u>\$ 384</u>	<u>\$ 74,017</u>

(Continued)



	<b>Machinery and Equipment</b>	<b>Leasehold Improvement</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2020	\$ 224,863	\$ 126,553	\$ 2,736	\$ 354,152
Additions	-	-	-	-
Effect of foreign currency exchange differences	<u>(1,646)</u>	<u>(597)</u>	<u>(20)</u>	<u>(2,263)</u>
Balance at March 31, 2020	<u>\$ 223,217</u>	<u>\$ 125,956</u>	<u>\$ 2,716</u>	<u>\$ 351,889</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2020	\$ 201,825	\$ 49,792	\$ 2,355	\$ 253,972
Depreciation expenses	128	1,487	15	1,630
Effect of foreign currency exchange differences	<u>(1,479)</u>	<u>(280)</u>	<u>(17)</u>	<u>(1,776)</u>
Balance at March 31, 2020	<u>\$ 200,474</u>	<u>\$ 50,999</u>	<u>\$ 2,353</u>	<u>\$ 253,826</u>
Carrying amounts at January 1, 2020	<u>\$ 23,038</u>	<u>\$ 76,761</u>	<u>\$ 381</u>	<u>\$ 100,180</u>
Carrying amounts at March 31, 2020	<u>\$ 22,743</u>	<u>\$ 74,957</u>	<u>\$ 363</u>	<u>\$ 98,063</u>

(Concluded)

Operating leases relate to lease of machinery and equipment and leasehold improvement in the Port of Longwu, Shanghai, with lease term from 2019 to 2023. The operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

In addition to the fixed lease payments, the lease contracts also indicate that lease payments should be adjusted every year on the basis of the change in the annual average price of cement.

Another operating lease relates to the lease of leasehold improvement located on Zhongshan N. Road, Taipei, Taiwan with the lease term of 1 year. The lessee does not have bargain purchase options to acquire the asset at the expiry of the lease period.

The maturity analysis of lease payments receivable under operating leases is as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Year 1	\$ 29,078	\$ 29,402	\$ 27,572
Year 2	29,160	30,254	27,635
Year 3	29,245	30,342	27,639
Year 4	21,978	30,426	27,643
Year 5	<u>-</u>	<u>-</u>	<u>20,735</u>
	<u>\$ 109,461</u>	<u>\$ 120,424</u>	<u>\$ 131,224</u>

To reduce the residual asset risk related to leasehold improvements at the end of the relevant lease, the lease contract includes general risk management strategy.

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

Machinery and equipment	11-15 years
Leasehold improvement	
Office building	10-40 years
Storage and plant	40 years
Others	10-40 years
Other equipment	3-5 years

- c. Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 37.

## 18. LEASE ARRANGEMENTS

- a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Land (land use rights included)	\$ 620,556	\$ 628,064	\$ 655,649
Land improvement	812,675	821,439	831,020
Building	385,499	388,072	412,870
Machinery and equipment	192	208	760
Transportation equipment	<u>2,372</u>	<u>3,122</u>	<u>-</u>
	<u>\$ 1,821,294</u>	<u>\$ 1,840,905</u>	<u>\$ 1,900,299</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2020</b>	<b>2019</b>
Additions to right-of-use asset		<u>\$ 12,664</u>	<u>\$ 3,503</u>
Depreciation charge for right-of-use asset			
Land use right		\$ 6,722	\$ 6,811
Land improvement		8,765	8,604
Building		15,485	13,290
Machinery and equipment		17	35
Transportation equipment		<u>212</u>	<u>-</u>
		<u>\$ 31,201</u>	<u>\$ 28,740</u>

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

b. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Current	\$ 112,969	\$ 107,050	\$ 100,140
Non-current	\$ 1,722,376	\$ 1,737,410	\$ 1,795,543

Ranges of discount rates for lease liabilities were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Land use right	1.38%-5.46%	1.38%-5.46%	1.38%-5.46%
Land improvement	1.38%-1.58%	1.38%-1.58%	1.38%-1.58%
Building	1.38%-4.99%	1.38%-4.99%	1.38%-4.99%
Machinery and equipment	5.20%	5.20%	5.20%-6.12%
Transportation equipment	2.00%-6.12%	2.00%-6.12%	-

c. Material leasing activities and terms as lessee

1) Warehousing and storage service at the wharves

In order to operate in cargo loading, unloading, storage and transit business, the Group entered into two lease contracts in December 2009 and December 2014, respectively, for the leasing of the first bulk and general cargo center in Port of Taipei (hereafter referred to as “Port of Taipei”) from Port of Keelung Taiwan International Ports Corporation Ltd., and leasing the wharf and equipment attached in the Port of Taichung from Port of Taichung Taiwan International Ports Corporation Ltd. (hereafter referred to as “Port of Taichung”). The lease term for Port of Taipei lasts for 35 years and 5 months that commenced on December 10, 2009; the lease term for Port of Taichung lasts from December 1, 2014 to December 31, 2024. The rentals for lands in Port of Taipei are calculated on the basis of the regional average rent and the annual rental ratio of the market price of each square meter announced by the government. The leases are adjusted in line with the regional rent and ratio of the market price announced publicly. The rentals for buildings are adjusted in accordance with annual “Construction Cost Index” published by the Directorate General of Budget, Accounting and Statistics (DGBAS), the Executive Yuan of the ROC.

The rentals for the land in Port of Taichung are calculated based on land value of the area and the annual rate of rent approved by the government, and will adapt to any adjustments made by the government. The rent for the equipment of Port of Taichung is adjusted yearly based on the Annual Wholesale Price Indices of Taiwan, and the percentage of changes is limited to 2 percent.

According to the abovementioned contracts, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessors’ consent. At the end of the contract terms, the Group has the right to apply for extension, and a new contract can be signed at both parties’ consent.

### Joint Operating Agreement

In order to operate a bulk cement business in China, the Group entered into a joint operating agreement with Shanghai Longwu Harbor Company (hereafter referred to as “Longwu Harbor”). According to the agreement, Longwu Harbor should lease the land use right of its pier to the Group. The lease term lasts for 40 years, commencing on the date the joint venture company, established by the two parties, obtains its business license. Beginning on the sixth year of the lease term, the rent should be adjusted annually based on the increasing rate of the average annual cement price listed on the Shanghai Construction Engineering Cost Information System. When the cement price decreased, no rental adjustment should be made. At the end of the contract term, the contract can be extended and registered with relevant government agencies according to the agreement between both parties.

#### 2) Healthcare business

In order to develop its healthcare business, the Group entered into leasing contracts of buildings for operation purposes in both Taiwan and China. The lease terms range from 10 to 15 years. At the end of the lease term, the Group has the right to apply for extension and bargain renewal options. However, the Group has no bargain purchase options and is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessors’ consent.

#### d. Other lease information

Lease arrangements under operating leases for the leasing out of property, plant and equipment and investment properties are set out in Notes 17 and 19 respectively. Lease arrangements for the leasing out of assets under finance leases are set out in Note 11.

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	<u>\$ 1,144</u>	<u>\$ 2,541</u>
Expenses relating to low-value asset leases	<u>\$ 1,396</u>	<u>\$ 41</u>
Total cash outflow for leases	<u>\$ (32,178)</u>	<u>\$ (57,539)</u>

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

## 19. INVESTMENT PROPERTIES

	Land	Building	Investment Property under Construction	Total
<u>Cost</u>				
Balance at January 1, 2019	\$ 3,223,363	\$ 836,776	\$ 58,725	\$ 4,118,864
Additions	-	-	29,852	29,852
Disposals	-	(10,964)	-	(10,964)
Transferred due to loss of control	(1,050,119)	(454,308)	-	(1,504,427)
Effect of foreign currency exchange differences	149	1,483	(153)	1,479
Balance at March 31, 2019	<u>\$ 2,173,393</u>	<u>\$ 372,987</u>	<u>\$ 88,424</u>	<u>\$ 2,634,804</u>
<u>Revaluation</u>				
Balance at January 1, 2019	\$ 3,854,646	\$ 164,269	\$ -	\$ 4,018,915
Disposals	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-
Balance at March 31, 2019	<u>\$ 3,854,646</u>	<u>\$ 164,269</u>	<u>\$ -</u>	<u>\$ 4,018,915</u>
<u>Accumulated Depreciation</u>				
Balance at January 1, 2019	\$ -	\$ 535,381	\$ -	\$ 535,381
Depreciation expenses	-	3,821	-	3,821
Disposals	-	(10,964)	-	(10,964)
Transferred due to loss of control	-	(124,664)	-	(124,664)
Effect of foreign currency exchange differences	-	545	-	545
Balance at March 31, 2019	<u>\$ -</u>	<u>\$ 404,119</u>	<u>\$ -</u>	<u>\$ 404,119</u>
<u>Accumulated Impairment</u>				
Balance at January 1, 2019	\$ -	\$ 42,449	\$ -	\$ 42,449
Transferred due to loss of control	-	(30,505)	-	(30,505)
Effect of foreign currency exchange differences	-	272	-	272
Balance at March 31, 2019	<u>\$ -</u>	<u>\$ 12,216</u>	<u>\$ -</u>	<u>\$ 12,216</u>
Carrying amounts at January 1, 2019	<u>\$ 7,078,009</u>	<u>\$ 423,215</u>	<u>\$ 58,725</u>	<u>\$ 7,559,949</u>
Carrying amounts at March 31, 2019	<u>\$ 6,028,039</u>	<u>\$ 120,921</u>	<u>\$ 88,424</u>	<u>\$ 6,237,384</u>

(Continued)

	<b>Land</b>	<b>Building</b>	<b>Investment Property under Construction</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2020	\$ 2,169,973	\$ 336,550	\$ 93,802	\$ 2,600,325
Additions	-	-	4,825	4,825
Disposals	-	(30,466)	-	(30,466)
Effect of foreign currency exchange differences	<u>4,163</u>	<u>(458)</u>	<u>994</u>	<u>4,699</u>
Balance at March 31, 2020	<u>\$ 2,174,136</u>	<u>\$ 305,626</u>	<u>\$ 99,621</u>	<u>\$ 2,579,383</u>
<u>Revaluation</u>				
Balance at January 1, 2020	\$ 3,854,646	\$ 156,455	\$ -	\$ 4,011,101
Disposals	-	(4,443)	-	(4,443)
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2020	<u>\$ 3,854,646</u>	<u>\$ 152,012</u>	<u>\$ -</u>	<u>\$ 4,006,658</u>
<u>Accumulated Depreciation</u>				
Balance at January 1, 2020	\$ -	\$ 369,693	\$ -	\$ 369,693
Depreciation expenses	-	2,228	-	2,228
Disposals	-	(34,909)	-	(34,909)
Effect of foreign currency exchange differences	<u>-</u>	<u>(183)</u>	<u>-</u>	<u>(183)</u>
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 336,829</u>	<u>\$ -</u>	<u>\$ 336,829</u>
<u>Accumulated Impairment</u>				
Balance at January 1, 2020	\$ -	\$ 11,470	\$ -	\$ 11,470
Effect of foreign currency exchange differences	<u>-</u>	<u>(85)</u>	<u>-</u>	<u>(85)</u>
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 11,385</u>	<u>\$ -</u>	<u>\$ 11,385</u>
Carrying amounts at January 1, 2020	<u>\$ 6,024,619</u>	<u>\$ 111,842</u>	<u>\$ 93,802</u>	<u>\$ 6,230,263</u>
Carrying amounts at March 31, 2020	<u>\$ 6,028,782</u>	<u>\$ 109,424</u>	<u>\$ 99,621</u>	<u>\$ 6,237,827</u>
				(Concluded)

The above items of investment properties are depreciated on a straight-line basis over their estimated useful lives of 5 to 60 years.

The investment properties are not evaluated by an independent valuer but valued by the Group's management using the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and by discounted cash flow analysis. The significant unobservable inputs used include discount rates. The appraised fair value is as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
The fair values of investment properties	\$ 14,772,035	\$ 14,677,094	\$ 13,076,191
Discount rate	5.13%	5.13%	8.22%

All of the Group's investment properties are freehold properties. The investment properties pledged as collateral for bank borrowings are set out in Note 37.

## 20. OTHER INTANGIBLE ASSETS

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Computer software	\$ <u>6,466</u>	\$ <u>5,518</u>	\$ <u>-</u>

Except for recognized amortization, the Group did not have significant addition, disposal, or impairment of other intangible assets during the three months ended March 31, 2020 and 2019. Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 5 years

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
An analysis of amortization by function		
General and administrative expenses	\$ <u>308</u>	\$ <u>-</u>

## 21. OTHER ASSETS

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Current</u>			
Prepayments			
Prepaid guarantee for freight	\$ 19,568	\$ 26,734	\$ 41,722
Overpaid sales tax	27,258	19,564	120,282
Office supplies	10,378	12,123	10,992
Prepayment for purchase	354	356	156
Prepaid rents	2,764	841	1,017
Others	<u>12,624</u>	<u>13,115</u>	<u>13,171</u>
	<u>\$ 72,946</u>	<u>\$ 72,733</u>	<u>\$ 187,340</u>

(Continued)

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Other current assets			
Others	<u>\$ 4,486</u>	<u>\$ -</u>	<u>\$ 514</u>
<u>Non-current</u>			
Other non-current assets			
Prepayments for equipment	\$ 24,335	\$ 23,862	\$ 12,204
Others	6,122	5,148	4,624
Overdue receivables (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 30,457</u>	<u>\$ 29,010</u>	<u>\$ 16,828</u> (Concluded)

## 22. BORROWINGS

### a. Short-term borrowings

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Secured borrowings	\$ -	\$ -	\$ 100,000
Unsecured borrowings	<u>1,311,180</u>	<u>800,600</u>	<u>743,490</u>
	<u>\$ 1,311,180</u>	<u>\$ 800,600</u>	<u>\$ 843,490</u>

1) The ranges of interest rates on bank loans were 0.85%-1.28%, 0.87%-1.12% and 0.87%-1.12% per annum as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively

2) For details of collaterals for the abovementioned borrowings, please refer to Note 37.

### b. Short-term bills payable

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Commercial paper	\$ 470,000	\$ 270,000	\$ 141,000
Less: Unamortized discounts on bills payable	<u>(315)</u>	<u>(242)</u>	<u>(39)</u>
	<u>\$ 469,685</u>	<u>\$ 269,758</u>	<u>\$ 140,961</u>



Outstanding short-term bills payable were as follows:

March 31, 2020

<b>Promissory Institution</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>	<b>Interest Rate Range</b>	<b>Collateral</b>
<u>Commercial paper</u>					
International Bills	\$ 170,000	\$ (46)	\$ 169,954	1.038%	None
China Development Bills	200,000	(151)	199,849	1.038%	None
Shanghai Commercial Savings Bank	<u>100,000</u>	<u>(118)</u>	<u>99,882</u>	1.038%	None
	<u>\$ 470,000</u>	<u>\$ (315)</u>	<u>\$ 469,685</u>		

December 31, 2019

<b>Promissory Institution</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>	<b>Interest Rate Range</b>	<b>Collateral</b>
<u>Commercial paper</u>					
International Bills	\$ 170,000	\$ (200)	\$ 169,800	1.04%	None
China Development Bills	<u>100,000</u>	<u>(42)</u>	<u>99,958</u>	1.04%	None
	<u>\$ 270,000</u>	<u>\$ (242)</u>	<u>\$ 269,758</u>		

March 31, 2019

<b>Promissory Institution</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>	<b>Interest Rate Range</b>	<b>Collateral</b>
<u>Commercial paper</u>					
Mega Bills	\$ 101,000	\$ (22)	\$ 100,978	1.04%	None
China Development Bills	<u>40,000</u>	<u>(17)</u>	<u>39,983</u>	1.04%	None
	<u>\$ 141,000</u>	<u>\$ (39)</u>	<u>\$ 140,961</u>		

c. Long-term borrowings

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Secured borrowings</u>			
Bank loans (1)	\$ 5,521,564	\$ 5,608,656	\$ 5,477,308
Loans from governments (2)	2,383,352	2,359,416	1,365,277
<u>Unsecured borrowings</u>			
Bank loans (3)	<u>573,960</u>	<u>569,200</u>	<u>155,660</u>
	8,478,876	8,537,272	6,998,245
Less: Current portion	<u>(923,708)</u>	<u>(983,678)</u>	<u>(877,900)</u>
Long-term borrowings	<u>\$ 7,555,168</u>	<u>\$ 7,553,594</u>	<u>\$ 6,120,345</u>

- 1) The Group signed medium-term secured loan contracts with First Bank, Cathay World Commercial Bank, Bank SinoPac, China Trust Commercial Bank, and Co-operative Treasury Commercial Bank, respectively. The bank loans are to be repaid at once or in instalment according to the agreements. The facilities allow drawdowns on a revolving basis. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group has taken new bank loans in the amounts of \$0 thousand, \$1,745,000 thousand and \$0 thousand, respectively, with interest rates of 1.28%-1.49%, 1.30%-1.49% and 1.30%-1.49%, respectively. The loan contracts will be due by December 28, 2024.
- 2) The Group entered into a secured government loan facility contract for JPY10,000,000 thousand with Okinawa Development Finance Corporation. The loan can be drawn in installments within the borrowing term, and is to be repaid in installments according to the repayment method in the contract. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group had drawn \$0 thousand, \$1,712,981 thousand and \$530,690 thousand, respectively (equivalent to JPY0 thousand, JPY6,038,000 thousand and JPY1,896,000 thousand respectively). The annual interest rate is 0.05%. The maturity date of the loan is June 25, 2042.
- 3) The Group signed medium-term unsecured loan contracts with Bank SinoPac, Taishin Bank and China Trust Commercial Bank. The bank loans are to be repaid at once or in instalment according to the agreements. The facilities allow drawdown on a revolving basis. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group has taken new bank loans in the amounts of \$0 thousand, \$425,550 thousand and \$0 thousand, with interest rates of 1.27%-1.42%, 1.27%-1.43% and 1.38%-1.41%, respectively. The loan contracts will be due by August 30, 2024.
- 4) For details of collaterals for the abovementioned borrowings, please refer to Note 37.

## 23. NOTES PAYABLE AND TRADE PAYABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes payable</u>			
Operating	\$ 2,177	\$ 2,906	\$ 2,122
<u>Trade payables</u>			
Operating	\$ 107,952	\$ 110,538	\$ 88,955

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 24. OTHER LIABILITIES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 74,990	\$ 114,359	\$ 48,155
Payables for machinery and equipment and construction in progress	192,913	644,297	8,127
Payables for VAT	27,469	11,948	36,665
Payables for interests	1,454	2,089	1,912
Payables for professional fees	2,392	9,789	6,373
Others	<u>29,684</u>	<u>48,230</u>	<u>31,404</u>
	<u>\$ 328,902</u>	<u>\$ 830,712</u>	<u>\$ 132,636</u>
Unearned receipts			
Advance receipts for real estate	\$ -	\$ 27,399	\$ -
Advance receipts for rental	12,757	13,960	-
Others	<u>-</u>	<u>-</u>	<u>1,700</u>
	<u>\$ 12,757</u>	<u>\$ 41,359</u>	<u>\$ 1,700</u>
Other liabilities			
Receipts under custody	<u>\$ 2,922</u>	<u>\$ 1,150</u>	<u>\$ 1,824</u>
<u>Non-current</u>			
Deferred revenue			
Government grants (Note 31)	<u>\$ 442,218</u>	<u>\$ 441,549</u>	<u>\$ 277,522</u>

## 25. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company and the Group's subsidiaries in Taiwan adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of the People's Republic of China, which is a defined contribution plan.

The employees of the Group's subsidiaries in Japan are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

For the three months ended on March 31, 2020 and 2019, the amounts included in the consolidated statements of comprehensive income in respect of the Group's defined contribution plan were \$2,726 thousand and \$2,388 thousand.

b. Defined benefit plan

For the three months ended March 31, 2020 and 2019, the pension expenses of defined benefit plans were \$592 thousand, \$501 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2019 and 2018, respectively.

## 26. EQUITY

a. Share capital

Ordinary shares

	March 31, 2020	December 31, 2019	March 31, 2019
Number of authorized shares (in thousands)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Amount of authorized shares	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>774,781</u>	<u>774,781</u>	<u>774,781</u>
Amount of issued and fully paid shares	<u>\$ 7,747,805</u>	<u>\$ 7,747,805</u>	<u>\$ 7,747,805</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	March 31, 2020	December 31, 2019	March 31, 2019
<u>May only be used to offset a deficit (1)</u>			
Treasury share transaction	\$ 367,772	\$ 367,772	\$ 701,273
Unclaimed dividends extinguished by prescription	9,593	9,593	2,113
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (2)</u>			
Treasury share transaction			
Dividends paid to subsidiaries	444,542	444,542	24,925
Disposal of treasury shares	24,925	24,925	-
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal	<u>545</u>	<u>545</u>	<u>545</u>
	<u>\$ 847,377</u>	<u>\$ 847,377</u>	<u>\$ 728,856</u>

1) Such capital surplus may only be used to offset a deficit.

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles of Incorporation of the Company, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as 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 Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employee's compensation and remuneration of directors in Note 28(f).

In consideration of the future expansion of business, capital needs and the tax effects on the Company and its shareholders, the Company's dividend policy is mainly based on capital needs according to the future capital budget plan. Under the policy, the board of directors will prepare a proposed plan for distribution of unappropriated earnings and submit the plan in the shareholders' meeting for approval. Distribution of earnings can be made only after the approval by the shareholders. Nonetheless, cash dividends distributed shall not be less than 10% of total dividends distributed in the current year.

According to the Company Act No. 237, the Company shall recognize as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the total amount of paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company is required to make appropriation to or reversal from the special reserve for the items referred to in Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

The appropriations of earnings for 2019 proposed in the board of directors' meeting on March 25, 2020 and the appropriation of earnings for 2018 approved in the shareholders' regular meeting on June 21, 2019 were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share</b>	
	<b>For the Year Ended</b>		<b>(NT\$)</b>	
	<b>December 31</b>		<b>For the Year Ended</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 176,052	\$ 69,975	\$ -	\$ -
Cash dividends	771,781	771,781	1.0	1.0

The appropriation of earnings for 2019 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 22, 2020.

d. Special reserve

If a special reserve appropriated on the first-time adoption of IFRSs relates to investment properties other than land, the special reserve may be reversed continuously over the period of use or may be reversed upon the disposal or reclassification of the related assets. The special reserve related to land may be reversed on the disposal or reclassification of the land.

In addition to the special reserve that the Company can voluntarily appropriate according to the Articles, the Company may also appropriate or reverse special reserve under the Rule No. 1010012865 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”. If there is subsequent reversal of debits to other equity items, the Company may distribute the reversed debit amounts as dividends.

The special reserves recognized as of March 31, 2020, December 31, 2019 and March 31, 2019 were as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Appropriation in respect of the Articles of Incorporation of the Company	\$ 295,756	\$ 295,756	\$ 295,756
First application of Rule No. 1010012865 issued by the FSC			
Revaluation of investment properties	1,881,505	1,881,505	1,881,505
Exchange differences on translating the financial statements of foreign operations	<u>168,790</u>	<u>168,790</u>	<u>168,790</u>
	<u>\$ 2,346,051</u>	<u>\$ 2,346,051</u>	<u>\$ 2,346,051</u>

e. Other equity items

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

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	<u>\$ (343,071)</u>	<u>\$ (226,835)</u>
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	2,357	32,178
Related income tax	<u>(2,665)</u>	<u>(6,436)</u>
Other comprehensive income recognized for the period	<u>(308)</u>	<u>25,742</u>
Reclassification adjustments		
Disposal of subsidiaries	<u>-</u>	<u>2,770</u>
Balance at March 31	<u>\$ (343,379)</u>	<u>\$ (198,323)</u>

2) Unrealized gain/(loss) on financial assets at FVTOCI

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 4,997,339	\$ 2,309,414
Recognized for the year		
Unrealized gain/(loss) - financial instrument at FVTOCI	(1,331,392)	1,526,487
Share from associates accounted for using the equity method	<u>(133,112)</u>	<u>6,496</u>
Other comprehensive income recognized for the year	<u>(1,464,504)</u>	<u>1,532,983</u>
Disposal of interest in subsidiaries	<u>-</u>	<u>(121,046)</u>
Balance at March 31	<u>\$ 3,532,835</u>	<u>\$ 3,721,351</u>

f. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 862,783	\$ 1,900,007
Share in (loss) profit for the year	(4,105)	22,105
Other comprehensive income during the year		
Exchange differences on translating the financial statements of foreign entities	(1,077)	3,755
Related income tax	146	(389)
Unrealized (loss) gain on financial assets at FVTOCI	(50,017)	60,290
Unrealized (loss) gain on financial assets at FVTOCI held by associates accounted for using equity method	(1,759)	651
Disposal of subsidiaries	<u>-</u>	<u>(1,187,795)</u>
Balance at March 31	<u>\$ 805,971</u>	<u>\$ 798,624</u>

g. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Repurchased/ Cancelled (In Thousands of Shares)</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at January 1, 2019	2,714	131,226	133,940
Increase during the three months	286	-	286
Decrease during the three months	<u>-</u>	<u>(3,855)</u>	<u>(3,855)</u>
Number of shares at March 31, 2019	<u>3,000</u>	<u>127,371</u>	<u>130,371</u>
Number of shares at January 1, 2020	3,000	127,371	130,371
Increase during the three months	491	-	491
Decrease during the three months	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at March 31, 2020	<u>3,491</u>	<u>127,371</u>	<u>130,862</u>

In order to encourage the employees to achieve better work quality and improve the competitiveness of the company, the Company repurchases its own shares for the purpose of transferring them to its employees under the circumstances described in Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act.

In the board of directors' meeting No. 417, the Company planned to repurchase 3,000 thousand of its own shares from the centralized securities exchange market at the price from \$9 to \$18, with the maximum total amount of \$54,000 thousand. The repurchase was conducted during the period from November 14, 2018 to January 11, 2019. As of March 31, 2019, the Company had already repurchased all the 3,000 thousand shares, with the total amount of \$41,073 thousand.

In the board of directors' meeting No. 429, the Company planned to repurchase 7,000 thousand of its own shares from the centralized securities exchange market at the price from \$11 to \$16, with the maximum total amount of \$112,000 thousand. The repurchase will be conducted during the period from March 26, 2020 to May 24, 2020. As of March 31, 2020, the Company had already repurchased 491 thousand shares, with the total amount of \$7,300 thousand.

The Company lost control over its subsidiary - Chia Hsin Construction & Development Corp. due to the Company's disposal of part of its shares in Chia Hsin Construction & Development Corp., and the Company's shares held directly and indirectly by Chia Hsin Construction & Development Corp. will no longer be regarded as treasury shares. The difference between the cost of the treasury shares on the day of acquisition and the amount of shareholders' equity on the day of loss of control of \$24,925 thousand was adjusted to treasury stock transaction - capital reserve.

Prior to the amendment of the Company Act at the end of 2001, subsidiaries purchased shares of the Company on the open market in line with government policy and in order to maintain the stability of the share price on the open market, and the relevant information on the holding of the Company's shares is as follows:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>March 31, 2020</u>			
<u>By direct investment</u>			
Tong Yang Chia Hsin International Corporation	127,371	<u>\$ 1,055,710</u>	<u>\$ 1,682,278</u>
<u>December 31, 2019</u>			
<u>By direct investment</u>			
Tong Yang Chia Hsin International Corporation	127,371	<u>\$ 1,055,710</u>	<u>\$ 2,481,776</u>
<u>March 31, 2019</u>			
<u>By direct investment</u>			
Tong Yang Chia Hsin International Corporation	127,371	<u>\$ 1,055,710</u>	<u>\$ 1,687,830</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.



## 27. REVENUE

	For the Three Months Ended March 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 236,261	\$ 236,531
Revenue from rent	66,258	79,944
Revenue from rendering of services	153,825	135,901
Revenue from catering and hospitality	<u>38,990</u>	<u>-</u>
	<u>\$ 495,334</u>	<u>\$ 452,376</u>

### a. Contract information

#### Revenue from the sale of goods

The main operating revenue of the Group is from the sales of cement. All goods are sold at their respective fixed price as agreed in the contracts.

#### Revenue from rent

The rental income comes from the lease of property, plant and equipment. The Group recognizes the revenue according to the contract on accrual basis.

#### Revenue from rendering of services

The Group operates the cement silo and other storage and transport facilities in the wharves. The fee is calculated based on the actual number of goods delivered and the agreed price in the signed contracts.

#### Revenue from catering and hospitality services

The Group recognizes the revenue from catering services once the merchandise is sold to the client. The consideration is collected from the client upon occurrence of the purchase transaction.

The Group recognizes the revenue from hospitality services once the service is rendered to the client. The contractual consideration is collected according to the agreed time schedule.

### b. Contract balances

	March 31, 2020	December 31, 2019	March 31, 2019	January 1, 2019
Trade receivables and notes receivable (Note 9)	<u>\$ 220,230</u>	<u>\$ 226,422</u>	<u>\$ 199,745</u>	<u>\$ 299,705</u>
Trade receivables from related parties (Note 36)	<u>\$ 5,236</u>	<u>\$ 2,680</u>	<u>\$ 4,039</u>	<u>\$ 5,843</u>
Contract liabilities - current	<u>\$ 9,289</u>	<u>\$ 9,479</u>	<u>\$ 7,697</u>	<u>\$ 7,191</u>

### c. Disaggregation of revenue

For information on disaggregation of revenue, please refer to Note 42.

## 28. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

### a. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Rental income	\$ 7,292	\$ 7,196
Interest income	29,498	29,505
Dividends	-	193
Government subsidy	3,779	-
Others	1,786	1,762
Less: Discontinued operations (Note 13)	<u>(3,743)</u>	<u>(10)</u>
	<u>\$ 38,612</u>	<u>\$ 38,646</u>

### b. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Gain on disposal of property, plant and equipment	\$ 63,122	\$ 102
Net foreign exchange gain (g)	11,940	3,826
(Loss) gain on financial assets mandatorily measured at FVTPL	(131,112)	182,937
Gain on disposal of part of the shares in subsidiaries (Note 32)	-	11,227
Others	(199)	15,804
Less: Discontinued operations (Note 13)	<u>-</u>	<u>(1,293)</u>
	<u>\$ (56,249)</u>	<u>\$ 212,603</u>

### c. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on bank loans	\$ 22,873	\$ 22,519
Interest on lease liabilities	8,946	10,206
Less: Discontinued operations (Note 13)	<u>-</u>	<u>(452)</u>
	<u>\$ 31,819</u>	<u>\$ 32,273</u>

Information about capitalized interest is as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Capitalized interest amount	\$ 1,225	\$ 1,390
Capitalization rate	1.43%	0.05%-1.41%

d. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Property, plant and equipment	\$ 105,060	\$ 41,846
Investment properties	2,228	3,821
Right-of-use assets	31,201	28,740
Other intangible assets	<u>308</u>	<u>-</u>
	<u>\$ 138,797</u>	<u>\$ 74,407</u>
An analysis of depreciation by function		
Operating costs	\$ 115,446	\$ 62,889
Operating expenses	<u>23,043</u>	<u>11,518</u>
	<u>\$ 138,489</u>	<u>\$ 74,407</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 308</u>	<u>\$ -</u>

e. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term benefits	\$ 102,924	\$ 59,851
Post-employment benefits (Note 25)		
Defined contribution plans	2,726	2,388
Defined benefit plans	592	501
Retirement pension for managers	-	10,621
Other employee benefits	<u>3,414</u>	<u>3,610</u>
	<u>\$ 109,656</u>	<u>\$ 76,971</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 55,417	\$ 11,619
Operating expenses	<u>54,239</u>	<u>65,352</u>
	<u>\$ 109,656</u>	<u>\$ 76,971</u>

f. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of no less than 0.01% and no higher than 3% of net profit before income tax, employees' compensation and remuneration of directors.

The Company had loss before income tax for the three months ended March 31, 2020. Therefore, no employees' compensation and remuneration of directors was accrued for that period. The employees' compensation and remuneration of directors and supervisors for the three months ended March 31, 2019 was as follows:

Accrual rate

	<b>For the Three Months Ended March 31, 2019</b>
Employees' compensation	1.23%
Remuneration of directors	1.23%

Amount

	<b>For the Three Months Ended March 31, 2019</b>
Employees' compensation	<u>\$ 1,691</u>
Remuneration of directors	<u>\$ 1,691</u>

The employees' compensation and remuneration of directors for the year ended December 31, 2019 and 2018, which were approved by the Company's board of directors on March 25, 2020 and March 27, 2019, respectively, were as follows:

Amount

	<b>For the Year Ended December 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Employees' compensation	\$ 15,625	\$ -	\$ 9,750	\$ -
Remuneration of directors	4,261	-	9,750	-

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recognized as a change in the accounting estimate and recorded in the following year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors approved by the board of directors on March 25, 2020 and the amounts recognized in the financial statements for the year ended December 31, 2019.

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

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

g. Gains and losses on foreign currency exchange

	For the Three Months Ended March 31	
	2020	2019
Foreign exchange gains	\$ 27,768	\$ 18,465
Foreign exchange losses	<u>(15,828)</u>	<u>(14,639)</u>
Net foreign exchange gains	<u>\$ 11,940</u>	<u>\$ 3,826</u>

## 29. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2020	2019
Current tax		
In respect of the current year	\$ 2,225	\$ 12,414
Deferred tax		
In respect of the current year	<u>9,011</u>	<u>11,347</u>
Income tax expense recognized in profit or loss	<u>\$ 11,236</u>	<u>\$ 23,761</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	<u>\$ (2,519)</u>	<u>\$ (6,825)</u>
Total income tax recognized in other comprehensive income	<u>\$ (2,519)</u>	<u>\$ (6,825)</u>

c. Income tax assessments

- 1) The income tax returns through 2016 of the Company and the subsidiary, Chia Hsin Property Management & Development Corporation, have been assessed by the tax authorities. The income tax returns of BlueSky. Co., Ltd through 2017 have been assessed by the tax authorities. The income tax returns of Chia Pei International Corporation, YJ International Corporation, Chia Sheng Construction Corp., and Jaho Life Plus+ Management Corp., Ltd. through 2018 have been assessed by the tax authorities. The income tax returns of Tong Yang Chia Hsin International Corporation through 2018 have been assessed (whilst the tax return through 2017 has not been assessed) by the tax authorities. Except for the abovementioned issues, the Company and the abovementioned subsidiaries do not involve in material pending action in regard of taxation.
- 2) Other overseas entities in the Group do not involve in any material pending action in regard of taxation.

**30. (LOSS) EARNINGS PER SHARE****Unit: NT\$ Per Share**

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Basic (loss) earnings per share		
From continuing operations	\$ (0.33)	\$ 0.20
From discontinued operations	<u>-</u>	<u>-</u>
Total basic (loss) earnings per share	<u>\$ (0.33)</u>	<u>\$ 0.20</u>
Diluted (loss) earnings per share		
From continuing operations	\$ (0.33)	\$ 0.20
From discontinued operations	<u>-</u>	<u>-</u>
Total diluted (loss) earnings per share	<u>\$ (0.33)</u>	<u>\$ 0.20</u>

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

**Net Profit for the Year**

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
(Loss) profit for the year attributable to owners of the Company	\$ (210,089)	\$ 126,476
Less: Profit for the year from discontinued operations used in the computation of basic earnings per share from discontinued operations	<u>2,777</u>	<u>851</u>
(Loss) earnings used in the computation of basic (loss) earnings per share from continuing operations	(212,866)	125,625
Effect of potentially dilutive ordinary shares		
Employees' compensation	<u>-</u>	<u>-</u>
(Loss) earnings used in the computation of diluted (loss) earnings per share from continuing operations	<u>\$ (212,866)</u>	<u>\$ 125,625</u>

**Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)**

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	644,389	641,964
Effect of potentially dilutive ordinary shares:		
Employees' compensation (Note)	<u>-</u>	<u>807</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>644,389</u>	<u>642,771</u>

Note: The balance for the three months ended March 31, 2020 was anti-dilutive and excluded from the computation of diluted earnings per share.

If the Group offers to settle the compensation or bonuses paid to employees in cash or shares, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potentially dilutive shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. 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.

### 31. GOVERNMENT GRANTS

In order to finance the construction of Hotel COLLECTIVE in Okinawa, the Group applied for a loan from Okinawa Development Finance Corporation. The loan facility is for JPY10,000,000 thousand. The term of the loan lasts for 25 years and is to be repaid semi-annually in 42 installments, with the first installment commencing in the fourth year after the first drawdown date. As of March 31, 2020, the Group had drawn JPY10,000,000 thousand in total. The fair value of the borrowing was JPY8,400,189 thousand when discounted at the market interest rate at the borrowing date. The difference of JPY1,599,811 thousand between the proceeds and the fair value of the loan is the benefit derived from the low-interest loan and has been recognized as deferred revenue. As of March 31, 2020, December 31, 2019 and March 31, 2019, the amount of deferred revenue was JPY1,586,137 thousand, JPY1,599,811 thousand and JPY997,208 thousand, respectively (equivalent to \$442,218 thousand, \$441,549 thousand and \$277,522 thousand). At the completion of the hotel construction, the deferred revenue will be reclassified to other revenues gradually along with the depreciation recognized over the estimated useful lives of the assets. For the three months ended March 31, 2020, a total of \$3,799 thousand has been reclassified to other revenues.

### 32. DISPOSAL OF SUBSIDIARY

On February 23, 2019, the Group entered into a sale agreement to dispose of 6% of its shareholding in Chia Hsin Construction & Development Corp., a company in the business of office building construction and sale and lease of public housing. The disposal was completed on February 26, 2019, on which date the Group lost its control over the subsidiary, as the shareholding dropped from 49.87% to 43.87%.

- a. Consideration received from disposal of subsidiary

**Chia Hsin  
Construction &  
Development  
Corp.**

Total consideration received

\$ 222,929

b. Analysis of assets and liabilities on the date control was lost

	<b>Chia Hsin Construction &amp; Development Corp.</b>
Current assets	
Cash and cash equivalents	\$ 312,372
Financial assets at fair value through profit or loss - current	249,829
Financial assets at fair value through other comprehensive income - current	53,594
Other receivables	25
Finance lease receivable - current	94,815
Inventories	677,467
Other current assets	537
Non-current assets	
Financial assets at fair value through other comprehensive income - non-current	350,522
Investments accounted for using equity method	745,004
Property, plant and equipment	6,796
Investment properties	1,364,448
Deferred tax assets	7,130
Finance lease receivable - non-current	178,344
Other non-current assets	39,036
Current liabilities	
Other payables	(24,848)
Current tax liabilities	(2,187)
Lease liabilities - current	(94,815)
Other current liabilities	(836)
Non-current liabilities	
Deferred tax liabilities	(1,942)
Lease liabilities - non-current	(178,344)
Other non-current liabilities	<u>(80,162)</u>
Net assets	<u>\$ 3,696,785</u>
Percentage of shareholding disposed of	<u>6%</u>
Net assets disposed of	<u>\$ 221,807</u>

c. Gain on disposals of part of the shares of the subsidiary

	<b>Chia Hsin Construction &amp; Development Corp.</b>
Consideration received	\$ 222,929
Net assets disposed of	(221,807)
The difference between the fair value and the book value of the retained holdings	12,875
Cumulative translation difference on the controlling interest reclassified to profit or loss due to the loss of control over the subsidiary	<u>(2,770)</u>
Gain on disposal	<u>\$ 11,227</u>



d. Net cash inflow on disposals of subsidiaries

**Chia Hsin  
Construction &  
Development  
Corp.**

Consideration received in cash and cash equivalents	\$ 222,929
Less: Cash and cash equivalent balances disposed of	<u>(312,372)</u>
	<u>\$ (89,443)</u>

### 33. CASH FLOW INFORMATION

a. Non-cash transactions

For the three months ended March 31, 2020 and 2019, the Group had the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

- 1) As of March 31, 2020, December 31, 2019 and March 31, 2019, the payables for equipment - property, plant and equipment were \$192,913 thousand, \$644,297 thousand and \$8,127 thousand, respectively.
- 2) As of March 31, 2020, December 31, 2019 and March 31, 2019, the advance receipts for real estate - property, plant and equipment were \$0 thousand, \$27,399 thousand, and \$0 thousand, respectively.

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			New Leases	Amortization of Interest Expense	Change in Exchange Rate	Others	
Short-term borrowings	\$ 800,600	\$ 504,700	\$ -	\$ -	\$ 5,880	\$ -	\$ 1,311,180
Short-term bills payable	269,758	200,000	-	(73)	-	-	469,685
Long-term borrowings	8,537,272	(89,971)	-	-	31,575	-	8,478,876
Guarantee deposits received	121,906	2,676	-	-	84	-	124,666
Lease liabilities	<u>1,844,460</u>	<u>(20,692)</u>	<u>12,664</u>	<u>8,946</u>	<u>(1,087)</u>	<u>(8,946)</u>	<u>1,835,345</u>
	<u>\$ 11,573,996</u>	<u>\$ 596,713</u>	<u>\$ 12,664</u>	<u>\$ 8,873</u>	<u>\$ 36,452</u>	<u>\$ (8,946)</u>	<u>\$ 12,219,752</u>

For the three months ended March 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			New Leases	Amortization of Interest Expense	Disposal of Subsidiaries	Change in Exchange Rate	
Short-term borrowings	\$ 821,280	\$ 22,010	\$ -	\$ -	\$ -	\$ 200	\$ 843,490
Short-term bills payable	304,835	(164,000)	-	126	-	-	140,961
Long-term borrowings	6,609,037	391,335	-	-	-	(2,127)	6,998,245
Guarantee deposits received	197,814	(3,023)	-	-	(73,455)	31	121,367
Lease liabilities	<u>2,205,237</u>	<u>(44,751)</u>	<u>3,503</u>	<u>10,206</u>	<u>(273,159)</u>	<u>4,853</u>	<u>1,895,683</u>
	<u>\$ 10,138,203</u>	<u>\$ 201,571</u>	<u>\$ 3,503</u>	<u>\$ 10,332</u>	<u>\$ (346,614)</u>	<u>\$ 2,957</u>	<u>\$ 9,999,746</u>

### 34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remained unchanged in recent years.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The management of the Group periodically reviews its capital structure. As part of the review, the management considers the cost of capital, financial ratios required by loans and related risks in determining the proper structure for its capital. At the management's suggestion, the Group balances its overall capital structure by obtaining financing facilities from financial institutions and adjusting the amount of dividends paid to the shareholders.

### 35. FINANCIAL INSTRUMENTS

#### a. Fair value of financial instruments that are not measured at fair value

The Group's management believes that the carrying amount of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximates their fair value or that the fair value of such assets and liabilities cannot be reliably measured.

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

##### 1) Fair value hierarchy

##### March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	\$ 950,047	\$ -	\$ -	\$ 950,047
Listed shares in foreign market	76,426	-	-	76,426
Mutual funds	<u>-</u>	<u>342,289</u>	<u>-</u>	<u>342,289</u>
	<u>\$ 1,026,473</u>	<u>\$ 342,289</u>	<u>\$ -</u>	<u>\$ 1,368,762</u>
Financial assets at FVTOCI				
Listed shares in domestic market	\$ 11,571,656	\$ -	\$ -	\$ 11,571,656
Unlisted shares - ROC	<u>-</u>	<u>-</u>	<u>258,203</u>	<u>258,203</u>
	<u>\$ 11,571,656</u>	<u>\$ -</u>	<u>\$ 258,203</u>	<u>\$ 11,829,859</u>

##### December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	\$ 1,169,272	\$ -	\$ -	\$ 1,169,272
Listed shares in foreign market	101,423	-	-	101,423
Mutual funds	<u>-</u>	<u>348,908</u>	<u>-</u>	<u>348,908</u>
	<u>\$ 1,270,695</u>	<u>\$ 348,908</u>	<u>\$ -</u>	<u>\$ 1,619,603</u>
Financial assets at FVTOCI				
Listed shares in domestic market	\$ 12,826,694	\$ -	\$ -	\$ 12,826,694
Unlisted shares - ROC	<u>-</u>	<u>-</u>	<u>353,301</u>	<u>353,301</u>
	<u>\$ 12,826,694</u>	<u>\$ -</u>	<u>\$ 353,301</u>	<u>\$ 13,179,995</u>

March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	\$ 1,051,324	\$ -	\$ -	\$ 1,051,324
Listed shares in foreign market	144,205	-	-	144,205
Mutual funds	<u>-</u>	<u>654,218</u>	<u>-</u>	<u>654,218</u>
	<u>\$ 1,195,529</u>	<u>\$ 654,218</u>	<u>\$ -</u>	<u>\$ 1,849,747</u>
Financial assets at FVTOCI				
Listed shares in domestic market	\$ 11,348,423	\$ -	\$ -	\$ 11,348,423
Unlisted shares - ROC	<u>-</u>	<u>-</u>	<u>603,312</u>	<u>603,312</u>
	<u>\$ 11,348,423</u>	<u>\$ -</u>	<u>\$ 603,312</u>	<u>\$ 11,951,735</u>

There were no transfers between Levels 1 and 2 in the three months ended March 31, 2020 and 2019.

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

For the three months ended March 31, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2020	\$ 353,301
Purchase	10,000
Recognized in other comprehensive income	<u>(105,098)</u>
Balance at March 31, 2020	<u>\$ 258,203</u>

For the three months ended March 31, 2019

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2019	\$ 939,504
Loss of control over subsidiaries	(350,522)
Recognized in other comprehensive income	<u>14,330</u>
Balance at March 31, 2019	<u>\$ 603,312</u>

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

The Group holds unlisted shares. The significant unobservable input in the measurement of such investments is liquidity discount. The fair value of unlisted shares is determined using market approach where the fair value of the shares of similar or peer companies is used as reference. As of March 31, 2020, December 31, 2019 and March 31, 2019, the ranges of liquidity discount used were 20.00%-39.28%, 11.83%-41.49% and 10.11%-36.32%, respectively

4) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair value of mutual funds is determined using the method and hypothesis described below:

The fair value is determined by the use of valuation techniques or the price quotations from various counterparties. The fair value measurement using valuation techniques uses as reference the published current fair value of instruments with similar terms and characteristics, or uses discounted cash flow method or other valuation methods, including the use of a valuation model using market information available at the balance sheet date.

c. Categories of financial instrument

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
Financial assets at FVTPL			
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,368,762	\$ 1,619,603	\$ 1,849,747
Financial assets measured at amortized cost (1)	6,110,120	5,966,105	5,322,521
Financial assets at FVTOCI			
Investments in equity instruments	11,829,859	13,179,995	11,951,735
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	10,777,236	10,630,965	8,326,536

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalent, notes receivable and trade receivables (including related parties), other receivables (less tax refund receivables), other receivables from related parties, other financial assets - current and other non-current assets - refundable deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes payable, trade and other payables (including related parties and excluding payable for salaries and bonus and tax payable), current portion of long-term borrowings payable, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity securities, trade receivables, other financial assets, trade payables, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function reports regularly to the Group's management, which monitors risks and policies implemented to mitigate risk exposures.

# 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

## a) Foreign currency risk

The Group has foreign currency transactions, which exposes the Group to foreign currency risk. Exchange rate exposures are managed by the delegated team, which regularly monitors and properly adjusts the assets and liabilities affected by the exchange rate to manage foreign currency risk.

Since the Group's net investments in foreign operations are strategic investments, the Group does not seek to hedge against the currency risk.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 39.

## Sensitivity analysis

The Group was mainly exposed to the EUR, USD and JPY.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive number below indicates an increase in pre-tax profit and other equity associated with the functional currency weakening 5% against the relevant currency. For a 5% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	<b>JPY Impact</b>		<b>EUR Impact</b>	
	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Profit or loss	\$ 1,858	\$ 1,077	\$ 10,883	\$ 11,264
			<b>USD Impact</b>	
			<b>For the Three Months Ended</b>	
			<b>March 31</b>	
			<b>2020</b>	<b>2019</b>
Profit or loss			\$ 66,551	\$ 50,370

The above results of the Group's tests of sensitivity to changes in foreign exchange rates during the current period were mainly due to the increase in financial assets in USD. The results of Group's tests of sensitivity to changes in JPY and EUR are not materially different than those in the prior year.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	March 31, 2020	December 31, 2019	March 31, 2019
Fair value interest rate risk			
Financial assets	\$ 4,372,354	\$ 4,285,715	\$ 3,946,255
Financial liabilities	5,915,922	5,191,433	3,979,411
Cash flow interest rate risk			
Financial assets	1,356,331	1,246,774	1,029,351
Financial liabilities	6,179,164	6,260,657	5,898,968

Sensitivity analysis

The sensitivity analysis below is based on the Group's exposure to interest rates of derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the year was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2020 and 2019 would have been lower/higher by \$3,014 thousand and \$3,044 thousand, respectively.

For the three months ended March 31, 2020, the Group's sensitivity to interest rate did not change materially compared with the previous accounting period.

c) Other price risk

The Group is exposed to equity price risk through its investments in equity securities and mutual funds. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to equity price risk at the end of year.

If equity prices (except for equity securities of Taiwan Cement Corporation) had been 1% higher/lower, the pre-tax profit or loss for the three months ended March 31, 2020 and 2019 would have been higher/lower by \$5,663 thousand and \$9,791 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the three months ended March 31, 2020 and 2019 would have been higher/lower by \$4,383 thousand and \$8,349 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices of Taiwan Cement Corporation had been 1% higher/lower, the pre-tax profit or loss for the three months ended March 31, 2020 and 2019 would have been higher/lower by \$8,025 thousand and \$8,706 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the three months ended March 31, 2020 and 2019 would have been higher/lower by \$113,916 thousand and \$111,169 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity price (except for equity securities of Taiwan Cement Corporation) decreased due to the decrease in the price of equity securities. The Group's sensitivity to equity price of Taiwan Cement Corporation decreased due to the decrease in the amount of such financial assets at FVTPL.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the accounting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure of counterparties to discharge their obligations and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets and the amount that could arise as liabilities on financial guarantees provided by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group also delegates a special team to monitor the credit risk exposures and the credit amount of the counterparties and, therefore, does not expect any material credit risk.

The credit risk was mainly concentrated on the top 10 customers of the Group. As of March 31, 2020, December 31, 2019 and March 31, 2019, trade receivables from the top 10 customers were 66%, 77% and 77%, respectively, of total trade receivables.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, as of the end of the accounting period, the Group reviews the recoverability of the receivables and provides proper allowance for assessed irrecoverable receivables. In view of the methods mentioned above, the management considered the Group's credit risk has materially declined.

Transactions with banks of high credit ratings given by international rating agencies are mostly free from credit risks.

## 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group had available unutilized bank loan facilities as set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

March 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 156,985	\$ 224,231	\$ 35,721	\$ 48,416	\$ 52,142
Fixed interest rate liabilities	1,429,537	270,233	1,047	477,980	1,960,524
Lease liabilities	26,214	10,985	110,520	549,603	1,527,125
Variable interest rate liabilities	<u>93,937</u>	<u>249,105</u>	<u>746,720</u>	<u>5,357,755</u>	<u>-</u>
	<u>\$ 1,706,673</u>	<u>\$ 754,554</u>	<u>\$ 894,008</u>	<u>\$ 6,433,754</u>	<u>\$ 3,539,791</u>

Additional information about the maturity analysis for lease liabilities:

	<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>\$ 147,719</u>	<u>\$ 549,603</u>	<u>\$ 469,154</u>	<u>\$ 394,324</u>	<u>\$ 340,021</u>	<u>\$ 323,626</u>

December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 517,899	\$ 386,171	\$ 22,561	\$ 43,572	\$ 53,132
Fixed interest rate liabilities	819,793	170,256	1,038	472,504	1,941,782
Lease liabilities	34,147	5,789	101,016	536,478	1,543,832
Variable interest rate liabilities	<u>90,107</u>	<u>104,410</u>	<u>954,944</u>	<u>5,397,933</u>	<u>-</u>
	<u>\$ 1,461,946</u>	<u>\$ 666,626</u>	<u>\$ 1,079,559</u>	<u>\$ 6,450,487</u>	<u>\$ 3,538,746</u>

Additional information about the maturity analysis of lease liabilities:

	<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>\$ 140,952</u>	<u>\$ 536,478</u>	<u>\$ 470,571</u>	<u>\$ 401,405</u>	<u>\$ 336,375</u>	<u>\$ 335,481</u>



March 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 111,591	\$ 85,642	\$ 57,171	\$ 31,978	\$ 57,458
Fixed interest rate liabilities	719,844	130	613	161,791	1,236,598
Lease liabilities	24,894	9,283	102,456	529,781	1,647,934
Variable interest rate liabilities	<u>272,892</u>	<u>113,168</u>	<u>835,626</u>	<u>3,560,495</u>	<u>1,366,762</u>
	<u>\$ 1,129,221</u>	<u>\$ 208,223</u>	<u>\$ 995,866</u>	<u>\$ 4,284,045</u>	<u>\$ 4,308,752</u>

Additional information about the maturity analysis of lease liabilities:

	<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>\$ 136,633</u>	<u>\$ 529,781</u>	<u>\$ 511,106</u>	<u>\$ 407,059</u>	<u>\$ 347,111</u>	<u>\$ 382,658</u>

b) Financing facilities

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 2,355,140	\$ 1,639,800	\$ 1,040,150
Amount unused	<u>4,791,300</u>	<u>4,909,400</u>	<u>5,529,090</u>
	<u>\$ 7,146,440</u>	<u>\$ 6,549,200</u>	<u>\$ 6,569,240</u>
Secured bank overdraft facilities:			
Amount used	\$ 8,309,606	\$ 8,368,728	\$ 7,207,774
Amount unused	<u>740,000</u>	<u>1,040,000</u>	<u>2,448,969</u>
	<u>\$ 9,049,606</u>	<u>\$ 9,408,728</u>	<u>\$ 9,656,743</u>

### 36. TRANSACTIONS WITH RELATED PARTIES

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

#### a. Related party name and category

Related Party Name	Related Party Category
Taiwan Cement Corporation	The Company acts as a member of the BOD
International Chia Hsin Corporation	Associates
Chia Hsin Construction & Development Corp. (Note)	Associates
Chia Hsin Winn Corp.	Substantive related parties
Sung Ju Investment Corp.	Substantive related parties
Zhenjiang Chia Hsin Transportation Co., Ltd.	Substantive related parties
LDC ROME HOTELS S.R.L.	Associates
Shanghai Chang Hsin Shipping Co., Ltd.	Associates
Taiwan Transport & Storage Corp.	The Company acts as a member of the BOD of its ultimate parent company

Note: In February 2019, the Company disposed of its shares and lost control over Chia Hsin Construction & Development Corp., which is no longer listed as a subsidiary. Nevertheless, the Company still has significant influence on Chia Hsin Construction & Development Corp.

#### b. Revenue

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2020	2019
Rental revenue	Associates	\$ 735	\$ 338
	Substantive related parties	126	126
	The Company acts as a member of the BOD of its ultimate parent company	606	606
	The Company acts as a member of the BOD	<u>1,118</u>	<u>370</u>
		<u>\$ 2,585</u>	<u>\$ 1,440</u>
Service revenue	The Company acts as a member of the BOD	<u>\$ 7,226</u>	<u>\$ 4,868</u>

The Group is leasing office buildings and factory buildings to related parties at market price. The lease agreements were negotiated by both sides. The rentals are collected monthly or quarterly.

The Group renders cement warehousing and storage service to a related party. The agreement for the service was negotiated by both sides. The fee is collected monthly.

c. Purchases of goods

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2020	2019
Cost of goods sold	The Company acts as a member of the BOD Taiwan Cement Corporation	\$ <u>93,769</u>	\$ <u>101,490</u>

The purchase prices and payment terms to related parties were not significantly different from those of purchase from third parties. The payment term is 60 days after the purchase of goods.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category	March 31, 2020	December 31, 2019	March 31, 2019
Trade receivables	Associates	\$ 14	\$ 15	\$ 13
	The Company acts as a member of the BOD			
	Taiwan Cement Corporation	5,217	2,661	4,022
	Substantive related parties	<u>5</u>	<u>4</u>	<u>4</u>
		<u>\$ 5,236</u>	<u>\$ 2,680</u>	<u>\$ 4,039</u>
Other receivables	Associates	<u>\$ 8,595</u>	<u>\$ 8,654</u>	<u>\$ 9,014</u>

The outstanding trade and other receivables from related parties are unsecured. For the three months ended March 31, 2020 and 2019, no impairment loss was recognized for trade and other receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	March 31, 2020	December 31, 2019	March 31, 2019
Trade payables	The Company acts as a member of the BOD			
	Taiwan Cement Corporation	<u>\$ 56,257</u>	<u>\$ 83,580</u>	<u>\$ 83,580</u>

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements - Group is lessor

The Group is lessor under operating leases

The Group is leasing office buildings and factory buildings to its related parties under operating leases. The lease agreements were negotiated by both sides. The rentals were paid monthly or quarterly.

Future lease payment receivables are as follows:

<b>Related Party Category/Name</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Associates	\$ 2,724	\$ 1,000	\$ 3,161
Substantive related parties	396	528	396
The Company acts as a member of the BOD of its ultimate parent company	11,219	11,642	13,759
The Company acts as a member of the BOD	<u>5,469</u>	<u>6,641</u>	<u>10,068</u>
	<u>\$ 19,808</u>	<u>\$ 19,811</u>	<u>\$ 27,384</u>

g. Loans to related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Other receivables	Associates			
	LDC ROME HOTELS S.R.L.	<u>\$ 26,592</u>	<u>\$ 115,885</u>	<u>\$ 126,327</u>
Other receivables - interest receivable	Associates			
	LDC ROME HOTELS S.R.L.	<u>\$ 2</u>	<u>\$ 1,168</u>	<u>\$ 915</u>

The Group provided its associates with unsecured short-term loans at rates comparable to market interest rates. As of March 31, 2020, December 31, 2019 and March 31, 2019, the abovementioned loans to related parties were not secured. For the three months ended March 31, 2020 and 2019, the interest revenue from the loans was \$194 thousand and \$541 thousand, respectively.

h. Others

<b>Line Item</b>	<b>Related Party Category</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Refundable deposits	Substantive related parties	\$ 168	\$ 168	\$ 168
	Associates	971	971	971
	The Company acts as a member of the BOD of its ultimate parent company	423	423	423
	The Company acts as a member of the BOD	<u>880</u>	<u>880</u>	<u>880</u>
		<u>\$ 2,442</u>	<u>\$ 2,442</u>	<u>\$ 2,442</u>

i. Endorsements and guarantees

Endorsements and guarantees provided by the Group

	<b>March 31, 2020</b>		<b>December 31, 2019</b>		<b>March 31, 2019</b>	
	<b>Amount Utilized</b>	<b>Amount Endorsed</b>	<b>Amount Utilized</b>	<b>Amount Endorsed</b>	<b>Amount Utilized</b>	<b>Amount Endorsed</b>
Associates						
LDC ROME HOTELS S.R.L.	<u>\$ 358,992</u>	<u>\$ 447,600</u>	<u>\$ 382,926</u>	<u>\$ 447,600</u>	<u>\$ 415,320</u>	<u>\$ 447,600</u>

j. Compensation of key management personnel

The compensation of key management personnel are as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 5,863	\$ 4,659
Post-employment benefits	<u>-</u>	<u>10,621</u>
	<u>\$ 5,863</u>	<u>\$ 15,280</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

### 37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The amounts of restricted assets of the Group that were provided as guarantees are as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Other financial assets - non-current	\$ 21,747	\$ 23,588	\$ 21,340
Carrying amount of property, plant and equipment			
Land	1,041,754	1,031,292	1,038,156
Buildings	<u>2,561,812</u>	<u>2,552,736</u>	<u>-</u>
	<u>3,603,566</u>	<u>3,584,028</u>	<u>1,038,156</u>
Carrying amount of investment properties			
Land - after revaluation	3,214,049	3,209,885	3,213,305
Buildings - after revaluation	<u>48,737</u>	<u>50,002</u>	<u>53,799</u>
	<u>3,262,786</u>	<u>3,259,887</u>	<u>3,267,104</u>
	<u>\$ 6,888,099</u>	<u>\$ 6,867,503</u>	<u>\$ 4,326,600</u>

### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- a. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group had bank guarantees for \$153,034 thousand, \$153,034 thousand and \$162,997 thousand issued under its name for the operations in the ports.
- b. Unrecognized commitments were as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Property under construction	<u>\$ 233,998</u>	<u>\$ 241,283</u>	<u>\$ 3,030,029</u>
Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210</u>

As of March 31, 2020, December 31, 2019 and March 31, 2019, the abovementioned unrecognized commitments included \$0 thousand, \$5,666 thousand and \$2,961,141 thousand, respectively, contractual commitments of the subsidiary - CHC Ryukyu COLLECTIVE KK for the construction of Hotel COLLECTIVE in Okinawa. As of March 31, 2020, December 31, 2019 and March 31, 2019, the abovementioned unrecognized commitments also include contractual commitments signed by CHC Ryukyu Development GK for Tomigusuku development project in the amounts of \$229,813 thousand, \$207,139 thousand and \$0 thousand, respectively.

### 39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

#### March 31, 2020

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In NTD)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 42,192	30.225 (USD:NTD)	\$ 1,275,259
USD	1,471	1.4218 (USD:SGD)	44,465
USD	373	108.411 (USD:JPY)	11,286
EUR	6,548	33.24 (EUR:NTD)	217,665
JPY	133,256	0.2788 (JPY:NTD)	37,152
Non-monetary items			
Investments accounted for using the equity method			
EUR	11,209	33.24 (EUR:NTD)	372,603
RMB	46,878	0.2007 (RMB:SGD)	199,982
Financial assets at FVTPL			
USD	11,325	30.225 (USD:NTD)	342,289
HKD	19,601	3.899 (HKD:NTD)	76,426

#### December 31, 2019

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In NTD)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 39,845	29.98 (USD:NTD)	\$ 1,194,566
USD	1,519	1.3461 (USD:SGD)	45,552
USD	577	108.6232 (USD:JPY)	17,286
HKD	6,757	3.8483 (HKD:NTD)	26,004
EUR	6,547	33.59 (EUR:NTD)	219,901
JPY	9,474	0.276 (JPY:NTD)	2,615

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
Non-monetary items			
Investments accounted for using the equity method			
EUR	\$ 11,630	33.59 (EUR:NTD)	\$ 390,640
RMB	46,812	0.193 (RMB:SGD)	201,173
Financial assets at FVTPL			
USD	11,638	29.98 (USD:NTD)	348,908
HKD	26,355	3.8483 (HKD:NTD)	101,423
			(Concluded)

#### March 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 30,059	30.82 (USD:NTD)	\$ 926,406
USD	1,499	1.3558 (USD:SGD)	46,188
USD	1,129	110.7438 (USD:JPY)	34,804
RMB	1,907	0.2014 (RMB:SGD)	8,729
EUR	6,509	34.61 (EUR:NTD)	225,282
JPY	77,384	0.2783 (JPY:NTD)	21,536
Non-monetary items			
Investments accounted for using the equity method			
EUR	11,825	34.61 (EUR:NTD)	409,268
RMB	46,275	0.2014 (RMB:SGD)	211,809
Financial assets at FVTPL			
USD	21,227	30.82 (USD:NTD)	654,218
HKD	36,730	3.9262 (HKD:NTD)	144,205

For the three months ended March 31, 2020 and 2019, realized and unrealized net foreign exchange gains were \$11,940 thousand and \$3,826 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of functional currencies of the entities in the Group.

## 40. OTHERS

### a. Important contracts

The Group as lessee leased the East Wharf Nos. 13, 14 and 15 in the Port of Taipei from Taiwan International Ports Co., Ltd. and committed to construct East Wharf No. 16 and its related office, silos and transportation equipment. The leased land is 65,000 square meters and used in operation of the subsidiary, Chia Pei International Corporation, to load and unload coal, sand stone, bulk and others. The lease term is 35 years and 5 months from December 10, 2009, the date of the transfer of the titles of related constructed equipment to Taiwan International Ports Co., Ltd. The annual minimum guaranteed volume for transportation is 1,200 thousand tons of coal and 5,950 thousand tons of sand stone. When

the policy on the transporting of eastern sand to the north changes or the quantity of eastern sand transported to the north significantly decreases, the Group may renegotiate its minimum guaranteed volume for transporting eastern sand and gravel, or convert to equivalent minimum guaranteed volume for coal or other bulk and general cargo with approval from Taipei Harbor Bureau.

The Group has disputed with Taiwan International Ports Co., Ltd. on the reconsideration of converting the guaranteed transportation volume for eastern sand stone to that for coal or other bulk and general cargo and, in February 2014, filed a petition with the court in regards to the management fees for eastern sand stone in 2013. Taiwan Keelung District Court ruled in favor of the Group on December 22, 2014 and Taiwan International Ports Co., Ltd. filed an appeal against the court decision. After mediation of the dispute in Taiwan High Court Civil Appeal, both parties reached a settlement on December 27, 2016 and agreed that the Group's annual guaranteed transportation volume of sand and gravel can be replaced by the actual transportation of coal or other bulk cargoes during the year. (The annual replaceable limit shall be 4,050 thousand tons of guaranteed volume for transporting eastern sand and gravel to the north.)

- b. In order to satisfy the demand for cement in the northern part of Taiwan, the Group leased from Taiwan International Ports Co., Ltd. the land measuring 5,900.35 square meters at the West Wharf No. 33 of the Port of Keelung. The Group committed to build silos, loading and unloading equipment at the Wharf No. 33 under the name of Keelung Harbor Bureau, Transportation Department of Taiwan government and the title of the property belongs to the Keelung Harbor Bureau, while the Group has the right to use the property free of charge within the lease term for operating the business of loading and unloading, transporting and storing cement. The lease term is 23 years and 9 months from October 7, 2000, the date of the transfer of the titles of related constructed equipment to Keelung Harbor Bureau. The minimum guaranteed transporting volume is 900,000 tons of cement per year and the management fees will be charged based on the minimum guaranteed volume of 900,000 tons regardless if the Group reached the volume or not. The rental is charged based on average rental rate in the port and 5% of the rental rate published by the Taiwanese government. The Group has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Group should pay the land use and administrative fees monthly, which will be adjusted according to the adjustment of loading fee in the port.
- c. In order to satisfy the demand for cement in Taichung and its surrounding area, the Group leased, from Taichung Harbor Bureau, Taiwan International Ports Corporation Ltd, the land, cement warehouses and facilities at Wharf No. 27, Port of Taichung through its subsidiary, Tong Yang Chia Hsin International Corporation to operate the business of loading and unloading, transporting and storing cement. The lease period started from December 1, 2014 to December 30, 2024 and the Group has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Group should pay the land use and administrative fees (based on actual loading amount at \$30.09 dollars per ton) monthly, which will be adjusted according to the adjustment of loading fee in the Port.
- d. In order to further establish the core development and transformation to the resort industry, the Group developed nearly 37 thousand square meters beach-side resorts at Toyosaki, Okinawa. On August 17, 2019, the Group and the Japan subsidiary of InterContinental Hotels Group (IHG), a large international hotel chain, signed a long-term management service contract for the management of InterContinental Okinawa Chura SUN Resort with the service period of 20 years. It is expected to introduce the entrusted management of the resort from IHG.



#### 41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)
- 10) Other: Business relationships and inter-company transactions between the parent company and the subsidiaries (Table 7)
- 11) Information on investees (Table 6)

c. Information on investments in mainland China

- 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, 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 (Table 8)
- 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: (None)
  - 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, 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 year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

## **42. SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

Cement segment - cement production, manufacture and sale.

Real estate segment - real estate trading and leasing.

Warehousing and storage segment - in charge of loading and unloading, warehousing and storage business in the port.

Hospitality and catering services segment - in charge of catering and room service in the hotel and the maternal and child care center

Each of the abovementioned segment includes a number of direct operations, which were considered a separate operating segment by the chief operating decision maker (CODM). For the purposes of financial statement presentation, the individual operating segments of cement have been aggregated into a single operating segment, taking into account the following factors:

- a. These operating segments have similar long-term gross profit margins.
- b. The nature of the products and production processes are similar.
- c. The methods used to distribute the products to the customers are the same.

One operation (Jiangsu Union Cement Co., Ltd.) was discontinued in the current period. The segment information reported on the following pages does not include any amounts for this discontinued operation, which is described in more detail in Note 13.

a. Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

	<b>Segment Revenue</b>		<b>Segment Profit or Loss</b>	
	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Cement segment	\$ 236,123	\$ 234,017	\$ (14,082)	\$ (9,563)
Real estate segment	61,787	73,853	30,660	40,874
Warehousing and storage segment	150,950	131,739	16,379	(1,971)
Hospitality and catering services segment	46,474	12,767	(151,954)	(25,071)
Other segment	-	-	(8,278)	(13,869)
	<u>\$ 495,334</u>	<u>\$ 452,376</u>		
Other income			38,612	38,646
Other gains and losses			(56,249)	212,603
Finance costs			(31,819)	(32,273)
Share of profit or loss of associates and joint ventures accounted for using the equity method			2,632	8,483
General and administrative expenses and remuneration of director			<u>(31,636)</u>	<u>(46,368)</u>
(Loss) profit before income tax from continuing operation			<u>\$ (205,735)</u>	<u>\$ 171,491</u>

The abovementioned revenue was the transactions between the Group's entities and the third parties. All inter-segment transactions for the three months ended March 31, 2020 and 2019 were eliminated through the consolidation.

Segment profit represents the profit before tax earned by each segment without allocation of general and administrative expenses and remuneration of directors, other income, other gains and losses, finance costs, share of profit or loss of associates and joint ventures accounted for using the equity method and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

The measure of assets and liabilities of the Group is not reported to the operating decision maker. Therefore, the information of segment assets and liabilities does not need to be disclosed.

TABLE 1

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	Chia Hsin Cement Corporation (Note 1)	LDC ROME HOTELS S.R.L.	Other receivables from related parties	Yes	\$ 115,885	\$ 26,592	\$ 26,592	1.5 (Note 3)	Short-term financing	\$ -	The need for financing operating capital	\$ -	-	-	\$ 3,169,686	\$ 8,452,496	

Note 1: The total amount of loans provided by the Company shall not exceed 40% of the net worth of the Company (lending company). The amount of loans provided by the Company to each company or registered firm shall not exceed 15% of the net worth of the Company (lending company).

Note 2: The highest balance for the period and ending balance presented above are listed in New Taiwan dollars (NTD). The highest balance denominated in foreign currency is translated using the prevailing exchange rate; and the ending balance is translated into NTD using the exchange rate as of March 31, 2020.

Note 3: Total interest in the period is \$194 thousand.

**TABLE 2**

**CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2020  
(In Thousands of New Taiwan Dollars)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit	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
		Name	Relationship (Note 4)										
0	Chia Hsin Cement Corporation (Notes 2 and 5)	Chia Hsin Property Management & Development Corporation	b.	\$ 7,747,805 (Paid-in capital)	\$ 1,480,000	\$ 1,480,000	\$ 470,000	\$ -	7.00%	\$ 21,131,241	Yes	No	No
	Chia Hsin Cement Corporation (Note 2)	LDC ROME HOTELS S.R.L.	f.	7,747,805 (Paid-in capital)	447,600	447,600	358,992	-	2.12%	21,131,241	No	No	No
	Chia Hsin Cement Corporation (Notes 2 and 5)	CHC Ryukyu Development GK	b.	7,747,805 (Paid-in capital)	429,352	429,352	139,400	-	2.03%	21,131,241	Yes	No	No
	Chia Hsin Cement Corporation (Notes 2 and 5)	CHC Ryukyu COLLECTIVE KK	b.	7,747,805 (Paid-in capital)	1,394,000	1,394,000	989,740	-	6.60%	21,131,241	Yes	No	No
1	Chia Hsin Property Management & Development Corporation (Notes 3 and 5)	Chia Hsin Cement Corporation	c.	21,131,241	6,544,000	6,540,000	4,765,000	6,540,000	30.95%	21,131,241	No	Yes	No

Note 1: a. The Company is coded “0.”  
b. The investees are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: The amounts of guarantee to any individual entity shall not exceed the paid-in capital of the Company. The total amount of guarantees shall not exceed the net worth of the Company.

Note 3: The amount of guarantees from Chia Hsin Property Management & Development Corporation shall not exceed the net worth of the Company.

Note 4: The seven types of relationships between the endorser/guarantor and endorsee/guarantee indicated as numbers in the table above are as follows:

- Having a business relationship
- The endorser/guarantor owns directly or indirectly more than 50% of the ordinary shares of the endorsee/guarantee.
- The endorsee/guarantee owns directly or indirectly more than 50% of the ordinary shares of the endorser/guarantor.
- The endorser/guarantor owns directly or indirectly more than 90% of the ordinary shares of the endorsee/guarantee.
- Mutually endorsed/guaranteed companies for the construction project based on the construction contract.
- Due to joint venture, each shareholder provides endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- Companies in the same industry that are liable for joint endorsements/guarantees of the preconstruction house contract under the consumer protection law.

Note 5: Has been eliminated through the consolidation and is not shown on the consolidated financial statements.

**TABLE 3**

**CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**  
**MARCH 31, 2020**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Hsin Cement Corporation	<u>Stock</u> Taiwan Cement Corporation	The Company acts as a member of the BOD	Financial assets at FVTPL - current	7,371,606	\$ 291,178	0.13	\$ 291,178	
	Asia Cement Corporation		Financial assets at FVTPL - current	71	3	-	3	
	China Chemical & Pharmaceutical Co., Ltd.		Financial assets at FVTPL - current	20,000	376	0.01	376	
	<u>Foreign stock</u> Anhui Conch Cement Co., Ltd.		Financial assets at FVTPL - current	364,000	76,426	0.01	76,426	
	<u>Foreign fund</u> HAITONG FREEDOM MULTI-TRANCHE BOND FUND - P1A (SERIES 27)		Financial assets at FVTPL - current	9,594	33,021	-	33,021	
	GREENWOODS GOLDEN CHINA FUND - UNRESTRICTED CLASS A (0518)		Financial assets at FVTPL - current	3,342	33,380	-	33,380	
	GOPHER ASIA HOLD-TO-MATURITY HIGH YIELD BOND FUND - CLASS B (SERIES 10)		Financial assets at FVTPL - current	5,000	15,300	-	15,300	
	GOPHER ASIA HOLD-TO-MATURITY HIGH YIELD BOND FUND - CLASS C (SERIES 15)		Financial assets at FVTPL - current	55,000	171,806	-	171,806	
	JPMorgan Funds - Emerging Markets Small Cap Fund - JPM Emerging Markets Small Cap A (perf) (acc) - USD		Financial assets at FVTPL - current	17,022	6,117	-	6,117	
	JPMorgan Funds - Emerging Markets Local Currency Debt Fund - JPM Emerging Markets Local Currency Debt A (acc) - USD		Financial assets at FVTPL - current	77,882	34,839	-	34,839	
	JPMorgan Funds - China Fund - JPM China A (acc) - USD		Financial assets at FVTPL - current	10,992	14,805	-	14,805	
	<u>Stock</u> Taiwan Cement Corporation	The Company acts as a member of the BOD	Financial assets at FVTOCI - current	24,190,846	955,538	0.43	955,538	
	CHC Resources Corporation		Financial assets at FVTOCI - current	4,285,694	173,571	1.72	173,571	
	Chien Kuo Construction Co., Ltd.		Financial assets at FVTOCI - current	771,256	6,509	0.29	6,509	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Tong Yang Chia Hsin International Corporation	<u>Stock</u> Taiwan Cement Corporation	The Company acts as a member of the BOD	Financial assets at FVTOCI - non-current	175,919,516	\$ 6,948,821	3.10	\$ 6,948,821	Has been eliminated through consolidation
	<u>Stock</u> B Current Impact Investment Fund 3		Financial assets at FVTOCI - non-current	1,000,000	10,000	16.67	10,000	
	Pan Asian (Engineers & Constructors) Corporation		Financial assets at FVTOCI - non-current	2,718,217	13,918	2.38	13,918	
	Chia Hsin Ready-Mixed Concrete Corporation		Financial assets at FVTOCI - non-current	12,718,440	209,981	13.71	209,981	
	Overseas Investment & Development Corp.		Financial assets at FVTOCI - non-current	2,000,000	14,600	2.22	14,600	
	Asia Pacific Gongshanglian Corporation Limited		Financial assets at FVTOCI - non-current	21,090	-	0.03	-	
	Chia Hsin Livestock Corp.		Financial assets at FVTOCI - non-current	6,600,000	-	1.17	-	
	Huatung Heping River Mining Industry Development Co., Ltd.		Financial assets at FVTOCI - non-current	9,350	-	1.87	-	
	<u>Stock</u> Fubon Financial Holding Co.	The Company acts as a member of the BOD	Financial assets at FVTPL - current	3,919,849	147,190	0.03	147,190	
	Taiwan Cement Corporation		Financial assets at FVTPL - current	12,944,293	511,300	0.23	511,300	
	<u>Foreign fund</u> HAITONG FREEDOM MULTI-TRANCHE BOND FUND - P1A (SERIES 27)		Financial assets at FVTPL - current	9,594	33,021	-	33,021	
	<u>Stock</u> Taiwan Cement Corporation	The Company acts as a member of the BOD Parent company	Financial assets at FVTOCI - current	30,911,113	1,220,989	0.54	1,220,989	
	Chia Hsin Cement Corporation		Financial assets at FVTOCI - non-current	127,370,320	1,929,660	16.44	1,929,660	
	Taiwan Cement Corporation	The Company acts as a member of the BOD	Financial assets at FVTOCI - non-current	57,372,867	2,266,228	1.01	2,266,228	
	IBT Second Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	725,493	6,088	2.30	6,088	
	Kaohsiung Tug and Port Service Corp.		Financial assets at FVTOCI - non-current	350,000	3,616	0.88	3,616	

Note: For the information about subsidiaries, associates and joint ventures, refer to Table 6 and Table 8.

(Concluded)

**TABLE 4****CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES****DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2020****(In Thousands of New Taiwan Dollars, or in Thousands of Foreign Currencies)**

<b>Seller</b>	<b>Property</b>	<b>Event Date</b>	<b>Original Acquisition Date</b>	<b>Carrying Amount (Note 5)</b>	<b>Transaction Amount (Note 5)</b>	<b>Collection</b>	<b>Gain (Loss) on Disposal</b>	<b>Counterparty</b>	<b>Relationship</b>	<b>Purpose of Disposal</b>	<b>Price Reference</b>	<b>Other Terms</b>
Shanghai Jia Huan Concrete Co., Ltd.	Right-of-use assets and buildings	July 12, 2018 (Note 1)	August 1996	NT\$ 42,226 (RMB 9,898)	NT\$ 449,765 (RMB 105,430)	(Note 2)	\$ - (Note 3)	Shanghai Xuhui Land Reserve Center and Shanghai Xuhui Waterfront Development Investment Construction Co., Ltd.	Unrelated party	Government land reserve	(Note 4)	None

Note 1: Means the date the resolution was approved by the subsidiary's BOD and shareholders in their meetings.

Note 2: As of March 31, 2020, the consideration RMB105,430 thousand has been received.

Note 3: The contract was signed on August 29, 2018, but the transfer has not been registered. The gain/(loss) from the disposal, around RMB70,000 thousand (moving expense and tax excluded), will be recognized upon the transfer of the title.

Note 4: Decided after referring to real estate appraisal report from Prudential Cross-Strait Real Estate Appraisers Firm and to the result of price negotiation between the two parties.

Note 5: The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of March 31, 2020: RMB1=NT\$4.266003; net income items denominated in foreign currencies are translated using the average exchange rate for the accounting period: RMB1=NT\$4.317017.



**TABLE 5**

**CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
MARCH 31, 2020  
(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	Actions Taken		
Chia Hsin Cement Corporation	Chia Pei International Corporation	Investment accounted for using equity method	\$ 1,323,855 (Notes 1 and 2)	-	\$ -	-	\$ -	\$ -

Note 1: The other receivables consist of finance lease receivable from the sublease of the wharf in the Port of Taipei.

Note 2: The transaction has been eliminated through consolidation.

TABLE 6

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2020  
(In Thousands of New Taiwan Dollars, or Otherwise Stated)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2020			Net Income/(Loss) of the Investee	Share of Profit/(Loss) of Investee	Remark
				March 31, 2020	December 31, 2019	Number of Shares (Thousands of Shares)	%	Carrying Amount			
Chia Hsin Cement Corporation	Chia Hsin Construction & Development Corp. Tong Yang Chia Hsin International Corporation Chia Hsin Property Management & Development Corporation Chia Pei International Corporation	11F, No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Office buildings construction and lease and sale of public housings	\$ 656,292	\$ 656,292	\$ 31,458,920	43.87	\$ 1,698,557	\$ 53,846	\$ 23,622	(Note 4)
		No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	General international trade	1,600,159	1,600,159	257,073,050	87.18	5,000,841	(23,168)	(20,198)	Subsidiary (Note 3)
		No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Wholesale and retail business of machinery; warehousing; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling	1,000,000	1,000,000	100,000,000	100.00	3,791,077	26,140	26,140	Subsidiary (Note 3)
		No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Mining; wholesale of building materials; nonmetallic mining; retail sale of building materials; international trade; rental and leasing business; retail sale of other machinery and equipment	120,000	120,000	19,560,000	100.00	147,546	5,456	5,456	Subsidiary (Note 3)
	BlueSky. Co., Ltd. Chia Hsin Pacific Limited YJ International Corporation Jaho Life Plus+ Management Corp., Ltd. LDC ROME HOTELS S.R.L.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; real estate trading; real estate leasing	81,561	81,561	8,300,000	100.00	84,382	206	206	Subsidiary (Note 3)
		Cayman Islands	Holding company	969,104	969,104	19,186,070	74.16	2,154,336	11,635	8,628	Subsidiary (Note 3)
		11F, No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Real estate rental and leasing; real estate management; realtor agent	2,280,000	2,280,000	228,000,000	100.00	1,888,659	(136,725)	(136,725)	Subsidiary (Note 3)
		No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Management consulting service	350,000	300,000	35,000,000	100.00	245,729	(16,432)	(16,432)	Subsidiary (Note 3)
		Rome, Italy	Hospitality industry	NT\$ 531,973 (EUR 16,004,000)	NT\$ 531,973 (EUR 16,004,000)	-	40.00	372,603	(37,622)	(15,049)	(Note 4)
	Chia Huan Tung Cement Corporation International Chia Hsin Corporation	5F.-1, No. 21, Wufu 3rd Rd., Qianjin Dist., Kaohsiung City	Cement and concrete mix manufacturing	142,014	142,014	14,201,649	20.69	25,690	(1,146)	(237)	
		No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; general investment	69,341	69,341	5,800,000	19.33	97,508	(15,156)	2,930	
Chia Hsin Property Management & Development Corporation	Chia Sheng Construction Corp.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Wholesale and retail business of machinery; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling	250,000	250,000	25,000,000	100.00	239,371	12	12	Second-tier subsidiary (Note 3)
YJ International Corporation	CHC Ryukyu Development GK	26 Tokashiki, Aza, Tomigusuku-shi, Okinawa, Japan	Real estate rental and leasing; management consulting service	NT\$ 273,106 (JPY 979,575,335)	NT\$ 273,106 (JPY 979,575,335)	-	100.00	171,442	(1,216)	(1,216)	Second-tier subsidiary (Note 3)
	CHC Ryukyu COLLECTIVE KK	2 Chome-1-12 Matsuyama, Naha, Okinawa, Japan	Hospitality industry	NT\$ 1,957,294 (JPY 7,020,424,665)	NT\$ 1,957,294 (JPY 7,020,424,665)	-	100.00	1,670,931	(134,480)	(134,480)	Second-tier subsidiary (Note 3)
Chia Hsin Pacific Limited	Yonica Pte Ltd	Singapore	Investment and holding company	NT\$ 2,011,511 (US\$ 66,551,243)	NT\$ 2,011,511 (US\$ 66,551,243)	104,908,690	100.00	NT\$ 789,261 (US\$ 26,112,866)	NT\$ 5,202 (US\$ 172,796)	NT\$ 5,202 (US\$ 172,796)	Second-tier subsidiary (Note 3)
	Effervesce Investment Pte. Ltd.	Singapore	Investment and holding company	NT\$ 939,352 (US\$ 31,078,656)	NT\$ 939,352 (US\$ 31,078,656)	53,274,892	100.00	NT\$ 1,227,420 (US\$ 40,609,428)	NT\$ 3,008 (US\$ 99,916)	NT\$ 3,008 (US\$ 99,916)	Second-tier subsidiary (Note 3)
	Sparksvie Pte. Ltd.	Singapore	Investment and holding company	NT\$ 86,816 (US\$ 2,872,328)	NT\$ 86,816 (US\$ 2,872,328)	3,763,350	100.00	NT\$ 87,384 (US\$ 2,891,125)	NT\$ 1,254 (US\$ 41,662)	NT\$ 1,254 (US\$ 41,662)	Second-tier subsidiary (Note 3)
Tong Yang Chia Hsin International Corporation	International Chia Hsin Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; general investment	36,642	36,642	6,052,636	20.18	97,185	(15,156)	(3,058)	
	Tong Yang Chia Hsin Marine Corp.	Panama	Shipping service	NT\$ 81,608 (US\$ 2,700,000)	NT\$ 81,608 (US\$ 2,700,000)	2,700	100.00	426,827	2,659	2,659	Second-tier subsidiary (Note 3)
	Chia Hsin Pacific Limited	Cayman Islands	Holding company	626,119	626,119	6,257,179	24.18	702,597	11,635	2,814	Subsidiary (Note 3)

Note 1: For information on investments in mainland China, refer to Table 8.

Note 2: The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of March 31, 2020: US\$1=NT\$30.225, JPY1=NT\$0.2788, EUR1=NT\$33.24; net income items denominated in foreign currencies are translated using the average exchange rate for the three months ended March 31, 2020: US\$1=NT\$30.106, JPY1=NT\$0.2764, EUR1=NT\$33.22.

Note 3: The investment has been eliminated through consolidation.

Note 4: Important associates

**TABLE 7****CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES****PARENT-SUBSIDIARY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2020****(Amounts in Thousands of New Taiwan Dollars)**

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
0	<u>For the three months ended March 31, 2020</u> Chia Hsin Cement Corporation	Chia Pei International Corporation	a.	Warehousing and storage service revenue	\$ 32,642	The fee is billed monthly and paid quarterly with receipts issued in the same month when the fee is billed.	6.59
		Chia Pei International Corporation	a.	Lease payment receivable	1,323,855		3.57
		CHC Ryukyu Development GK	a.	Endorsement or guarantee	429,352		1.16
		CHC Ryukyu COLLECTIVE KK	a.	Endorsement or guarantee	1,394,000		3.76
		Chia Hsin Property Management & Development Corporation	a.	Endorsement or guarantee	1,480,000	Every year in May. (tax payable to the Company under linked-tax system) Cash injection	3.99
		Chia Hsin Property Management & Development Corporation	a.	Other receivables	30,835		0.08
		Jaho Life Plus+ Management Corp., Ltd.	a.	Investment accounted for using equity method	50,000		0.13
		Tong Yang Chia Hsin International Corporation	a.	Investment accounted for using equity method	1,055,710	Treasury shares	2.85
1	Chia Pei International Corporation	Chia Hsin Cement Corporation	b.	Right-of-use assets	96,207		0.26
2	Tong Yang Chia Hsin International Corporation	Chia Hsin Cement Corporation	b.	Service revenue	16,755	The fee is billed monthly and collected in the next month.	3.38
3	Chia Hsin Property Management & Development Corporation	Chia Hsin Cement Corporation	b.	Endorsement or guarantee	6,540,000		17.64
4	Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd.	c.	Investment accounted for using equity method	42,660	Cash injection	0.12

Transactions with amount above \$10 million are listed in this table.

Note 1: The Company and the subsidiaries listed on the table are coded according to the following rules:

- The Company is coded "0".
- The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The three types of relationships are as follows:

- The parent company to the subsidiary.
- The subsidiary to the parent company.
- The subsidiary to the subsidiary.

(Continued)

- Note 3: For the calculation of percentage, percentage for balance sheet items is calculated by dividing the year-end balance with consolidated assets. Percentage for income items is calculated by dividing the accumulated sum with total operating income for the year.
- Note 4: The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of March 31, 2020: US\$1=NT\$30.225, JPY1=NT\$0.2788, RMB1=NT\$4.266003; net income items denominated in foreign currencies are translated using the average exchange rate for the three months ended March 31, 2020: US\$1=NT\$30.106, JPY1=NT\$0.2764, RMB1= NT\$4.317017.
- Note 5: The transaction has been eliminated through consolidation.

(Concluded)

## CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

## FOR THE THREE MONTHS ENDED MARCH 31, 2020

(In Thousands of New Taiwan Dollars, or in Thousands of Foreign Currencies)

- a. 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, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1 (a.))	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 1 (a.))	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020 (Note 1 (a.))	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 (a.))	Carrying Amount as of March 31, 2020 (Note 1 (a.))	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					Outward (Note 1 (a.))	Inward (Note 1 (a.))						
Shanghai Jia Huan Concrete Co., Ltd.	Processing, manufacturing and selling of cement, concrete and other related products.	\$ 255,704 (US\$ 8,460)	d.	\$ 384,522 (US\$ 12,722)	\$ - (US\$ -)	\$ - (US\$ -)	\$ 384,522 (US\$ 12,722)	95.23	\$ 2,984 (US\$ 99)	\$ 245,671 (US\$ 8,128)	\$ - (US\$ -)	Note 1 (b.) (3) and Note 5
Shanghai Chia Hsin Ganghui Co., Ltd.	Warehousing and packing bulk cement and formulating and delivering high-strength cement.	317,363 (US\$ 10,500)	b.	485,595 (US\$ 16,066)	- (US\$ -)	- (US\$ -)	485,595 (US\$ 16,066)	95.23	2,060 (US\$ 68)	436,149 (US\$ 14,430)	- (US\$ -)	Note 1 (b.) (3) and Note 5
Jiangsu Union Cement Co., Ltd.	Processing, manufacturing and selling of cement.	1,753,050 (US\$ 58,000)	c.	2,086,220 (US\$ 69,023)	- (US\$ -)	- (US\$ -)	2,086,220 (US\$ 69,023)	95.23	2,777 (US\$ 92)	602,753 (US\$ 19,942)	- (US\$ -)	Note 1 (b.) (3) and Note 5
Shanghai Chang Hsin Shipping Co., Ltd.	Delivering cement.	151,125 (US\$ 5,000)	b.	92,640 (US\$ 3,065)	- (US\$ -)	- (US\$ -)	92,640 (US\$ 3,065)	38.09	(921) (US\$ -31)	35,700 (US\$ 1,181)	- (US\$ -)	Note 1 (b.) (3) and Note 6
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Consulting for developing information system for business and finance purpose.	523,195 (US\$ 17,310)	b.	800,872 (US\$ 26,497)	- (US\$ -)	- (US\$ -)	800,872 (US\$ 26,497)	95.23	(1,872) (US\$ -62)	568,127 (US\$ 18,797)	- (US\$ -)	Note 1 (b.) (3) and Note 5
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Consulting for management of healthcare and hospitality business.	106,650 (RMB 25,000)	f. Investor: Chia Hsin Business Consulting (Shanghai) Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	66.66	(3,100) (US\$ -103)	52,077 (US\$ 1,723)	- (US\$ -)	Note 1 (b.) (3) and Note 5
Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd.	Providing healthcare service to mothers in pregnancy, parturition and postpartum period.	85,320 (RMB 20,000)	f. Investor: Chia Hsin Business Consulting (Shanghai) Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	66.66	(3,883) (US\$ -129)	66,941 (US\$ 2,215)	- (US\$ -)	Note 1 (b.) (3) and Note 5
Jiangsu Union Mining Industry Ltd.	Processing, manufacturing and delivering of limestone and other related products.	340,854 (RMB 79,900)	c.	150,218 (US\$ 4,970)	- (US\$ -)	- (US\$ -)	150,218 (US\$ 4,970)	47.62	1,205 (US\$ 40)	164,282 (US\$ 5,435)	- (US\$ -)	Note 1 (b.) (3) and Note 7
Jiangsu Jiaguo Construction Material Storage Co., Ltd.	Engaging in overland delivery of ordinary goods and the processing, manufacturing and selling of cement and other construction material	398,970 (US\$ 13,200)	e.	418,526 (US\$ 13,847)	- (US\$ -)	- (US\$ -)	418,526 (US\$ 13,847)	87.18	2,623 (US\$ 87)	419,880 (US\$ 13,892)	- (US\$ -)	Note 1 (b.) (3) and Note 5
Jiangsu Jiaxin Property Limited Company	Developing and selling real estate and providing property management service	85,320 (RMB 20,000)	f. Investor: Jiangsu Jiaguo Construction Material Storage Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	87.18	258 (US\$ 9)	86,069 (US\$ 2,848)	- (US\$ -)	Note 1 (b.) (3) and Note 5

(Continued)

b. Limit on the amount of investments in the mainland China area:

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 6,941,715 (US\$ 229,668)	\$ 7,015,948 (US\$ 232,124)	(Notes 3 and 4)

c. Significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area: None.

Note 1: a. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of March 31, 2020: US\$1=NT\$30.225, RMB1=NT\$4.266003; net income items denominated in foreign currencies are translated using the average exchange rate for the three months ended March 31, 2020: US\$1=NT\$30.106, RMB1= NT\$4.317017.

- b. The basis for investment income (loss) recognition includes the following:
- 1) The investment income (loss) is recognized based on the financial statements reviewed and attested by an international accounting firm which has cooperative relationship with an accounting firm in the ROC.
  - 2) The investment income (loss) is recognized based on the financial statements reviewed and attested by the parent company’s CPA in the ROC.
  - 3) Other

Note 2: The method of investment includes the following:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Chia Hsin Pacific Limited, which then invest in Effervesce Investment Pte. Ltd., the company that invests in mainland China.
- c. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Chia Hsin Pacific Limited, which then invest in Yonica Pte. Ltd., the company that invests in mainland China.
- d. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Chia Hsin Pacific Limited, which then invest in Sparksview Pte. Ltd., the company that invests in mainland China.
- e. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Tong Yang Chia Hsin Marine Corp., which then invests in mainland China.
- f. Other method.

Note 3: Pursuant to the Jing-Shou-Gong Letter No. 10520404590 issued by the Industrial Development Bureau in March 2016, the Company has obtained the certificate of being qualified as the operating headquarters; thus, the ceiling amount or ratio of the investment in mainland China is not applicable.

Note 4: The Company conducted a stock-for-stock transaction with Taiwan Cement Corporation to get rid of the investment via TCC International Holdings Ltd in mainland China. The result of the stock-for-stock transaction will be a decrease in investment in mainland China. On May 17, 2018, the aforementioned write-off of the amount and the ratio of investment was approved by the Investment Commission, Ministry of Economic Affairs.

Note 5: The transaction has been eliminated through consolidation.

Note 6: The investment in associate accounted for using equity method.

Note 7: The joint venture investment accounted for using equity method.

(Concluded)

**TABLE 9****CHIA HSIN CEMENT CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tong Yang Chia Hsin International Corporation	127,370,320	16.44
Sung Ju Investment Corp.	68,780,239	8.88
Yung-Ping Chang	41,748,178	5.39

Note: The information of major shareholders comes from the summary of shareholders holding more than 5% of total ordinary and special shares registered as dematerialized security (including treasury shares) in the centralized securities depository enterprise as of the last business day of the reporting period. Based on different calculation method, the number of share recorded in the consolidated financial statements could be different from that registered as dematerialized security.