Chia Hsin Cement Corporation

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

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Chia Hsin Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Company's financial statements for the year ended December 31, 2019 are stated as follows:

Sales of cement to the main clients

The operating revenue of the Company mainly comes from the sales of cement. For the year ended December 31, 2019, the sales of cement accounted for 82% of the total operating revenue, which is equivalent to $1,022,319 thousand. Due to the concentration of sales to target clients in the Company' cement business, and due to the longer credit period or longer turnover days of those clients, and in view of the materiality of the transactions, we have considered the transactions with such clients as key audit matters.

For the explanation of accounting policies and notes to the financial statements, refer to Notes 4 and 24.

Our key audit procedures performed in respect of the above area included the following:

1. We understood the key operating controls over the sales of cement and tested the effectiveness of the key operating controls over the sales transactions; we designed the audit procedures responsive to the risks identified.

2. We selected samples from the “List of Sales Order from Main Clients” and inspected the supporting documents of the samples, such as “Registration Card for Sale of Cement” and “Bill of Lading”, and verified the existence of the sales.

3. We analyzed the changes in the revenue, gross margin rate, turnover rate of accounts receivable and credit condition from prior year to the current year.

4. We verified the occurrence of the sales by obtaining confirmation letters from the main clients; we performed alternative audit procedures for unreplied letters.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

Cheng Chuan Yu

Keng Hsi Chang

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2020

<u>*Notice to Readers*</u>

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

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

CHIA HSIN CEMENT CORPORATION

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

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 363,313	1	$ 712,308	3
Financial assets at fair value through profit or loss (Notes 4, 7 and 31)	740,454	2	622,217	3
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 31)	1,281,001	4	1,028,876	4
Notes receivable (Notes 4, 5, 9 and 24)	162,701	1	195,059	1
Trade receivables (Notes 4, 5, 9 and 24)	31,632	-	70,949	-
Trade receivables from related parties (Notes 4, 5, 24 and 32)	5,783	-	8,462	-
Finance lease receivables - current (Notes 3, 4, 11 and 32)	43,121	-	-	-
Other receivables (Notes 4 and 10)	48,318	-	7,033	-
Other receivables from related parties (Notes 4 and 32)	153,463	1	177,631	1
Inventories (Notes 4 and 12)	37,635	-	12,213	-
Prepayments (Note 18)	3,178	-	3,837	-
Other financial assets - current (Notes 4 and 13)	838,788	3	811,739	3
Total current assets	3,709,387	12	3,650,324	15
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 31)	8,033,194	26	6,383,749	26
Investments accounted for using the equity method (Notes 3, 4 and 14)	16,055,186	53	13,603,913	54
Property, plant and equipment (Notes 4 and 15)	959,470	3	1,099,989	4
Right-of-use assets (Notes 3, 4 and 16)	15,454	-	-	-
Investment properties (Notes 4 and 17)	268,892	1	270,128	1
Deferred tax assets (Notes 4 and 26)	116,297	1	80,107	-
Refundable deposits (Notes 4 and 18)	7,136	-	7,451	-
Finance lease receivables - non-current (Notes 3, 4, 11 and 32)	1,289,087	4	-	-
Other financial assets - non-current (Notes 4, 13 and 33)	11,320	-	11,320	-
Other non-current assets (Note 18)	1,929	-	2,153	-
Total non-current assets	26,757,965	88	21,458,810	85
TOTAL	$ 30,467,352	100	$ 25,109,134	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 19)	$ 540,000	2	$ 452,000	2
Short-term bills payable (Note 19)	269,758	1	304,835	1
Contract liabilities - current (Notes 4 and 24)	4,996	-	5,521	-
Notes payable (Note 20)	2,906	-	2,151	-
Trade payables (Note 20)	92,331	1	91,001	-
Trade payables to related parties (Note 32)	90,324	-	98,601	1
Other payables (Note 21)	78,057	-	68,235	-
Other payables to related parties (Note 32)	26,694	-	23,756	-
Current tax liabilities (Notes 4 and 26)	34,074	-	32,249	-
Lease liabilities - current (Notes 3, 4 and 16)	47,322	-	-	-
Current portion of long-term borrowings (Notes 4, 19 and 32)	923,678	3	519,000	2
Guarantee deposits - current	380	-	2,940	-
Total current liabilities	2,110,520	7	1,600,289	6
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 19 and 32)	4,001,250	13	4,332,178	17
Deferred tax liabilities (Notes 4 and 26)	198,844	1	113,618	1
Lease liabilities - non-current (Notes 3, 4 and 16)	1,300,448	4	-	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	17,836	-	19,682	-
Guarantee deposits - non-current	25,012	-	23,555	-
Total non-current liabilities	5,543,390	18	4,489,033	18
Total liabilities	7,653,910	25	6,089,322	24
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital				
Ordinary shares	7,747,805	26	7,747,805	31
Capital surplus	847,377	3	703,931	3
Retained earnings				
Legal reserve	2,143,611	7	2,073,636	8
Special reserve	2,346,051	8	2,346,051	10
Unappropriated earnings	6,171,113	20	5,252,354	21
Total retained earnings	10,660,775	35	9,672,041	39
Other equity	4,654,268	15	2,082,579	8
Treasury shares	(1,096,783)	(4)	(1,186,544)	(5)
Total equity attributable to owners of the Company	22,813,442	75	19,019,812	76
Total equity	22,813,442	75	19,019,812	76
TOTAL	$ 30,467,352	100	$ 25,109,134	100

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

CHIA HSIN CEMENT CORPORATION

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

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 24 and 32)				
Sales	$ 1,022,319	82	$ 984,063	82
Rental revenue	4,484	-	4,537	-
Service revenue	30,054	2	25,760	2
Other operating revenue	192,466	16	189,686	16
Total operating revenue	1,249,323	100	1,204,046	100
OPERATING COSTS (Notes 12, 25 and 32)				
Cost of goods sold	(1,036,784)	(83)	(1,017,232)	(84)
Rental costs	(1,801)	-	(1,692)	-
Service costs	(26,051)	(2)	(24,463)	(2)
Other operating costs	(155,388)	(13)	(153,211)	(13)
Total operating costs	(1,220,024)	(98)	(1,196,598)	(99)
GROSS PROFIT	29,299	2	7,448	1
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES (Note 4)	(1,083)	-	(816)	-
REALIZED GAIN/(LOSS) ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES (Note 4)	-	-	-	-
REALIZED GROSS PROFIT	28,216	2	6,632	1
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	(12,724)	(1)	(12,133)	(1)
General and administrative expenses	(230,745)	(18)	(167,376)	(14)
Expected credit gain/(loss) (Note 9)	724	-	(910)	-
Total operating expenses	(242,745)	(19)	(180,419)	(15)
LOSS FROM OPERATIONS	(214,529)	(17)	(173,787)	(14)
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 25 and 32)	761,840	61	322,555	27
Other gains and losses (Notes 4, 25, 28 and 32)	99,840	8	89,719	7
Finance costs (Notes 4 and 25)	(97,128)	(8)	(73,744)	(6)
Share of profit or loss of subsidiary, associates and joint ventures	829,188	66	606,246	50
Total non-operating income and expenses	1,593,740	127	944,776	78

(Continued)

CHIA HSIN CEMENT CORPORATION

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

	2019		2018	
	Amount	**%**	**Amount**	**%**
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ 1,379,211	110	$ 770,989	64
INCOME TAX EXPENSE (Notes 4 and 26)	(81,738)	(6)	(71,234)	(6)
NET PROFIT FROM CONTINUING OPERATIONS	1,297,473	104	699,755	58
OTHER COMPREHENSIVE INCOME/(LOSS) (Notes 4, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,091	-	(259)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,174,972	174	477,497	40
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	972,173	78	198,844	16
Income tax relating to items that will not be reclassified subsequently to profit or loss	(218)	-	1,671	-
	3,148,018	252	677,753	56
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(148,758)	(12)	5,765	1
Income tax relating to items that may be reclassified subsequently to profit or loss	29,752	2	1,197	-
	(119,006)	(10)	6,962	1
Other comprehensive income for the year, net of income tax	3,029,012	242	684,715	57
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 4,326,485	346	$ 1,384,470	115
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	$ 2.02		$ 1.09	
Diluted	$ 2.01		$ 1.09	

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

CHIA HSIN CEMENT CORPORATION

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

			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE, JANUARY 1, 2018	$ 7,747,805	$ 642,168	$ 1,984,116	$ 2,451,573	$ 4,922,194	$ (233,797)	$ 1,633,454	$ (1,149,426)	$ 17,998,087
Appropriation of 2017 earnings (Note 23)									
Legal reserve	-	-	89,520	-	(89,520)	-	-	-	-
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	(105,522)	105,522	-	-	-	-
Cash dividends	-	-	-	-	(387,390)	-	-	-	(387,390)
Net profit for the year ended December 31, 2018	-	-	-	-	699,755	-	-	-	699,755
Other comprehensive income (loss) for the year ended December 31, 2018 (Note 23)	-	-	-	-	1,793	6,962	675,960	-	684,715
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 23)	-	59,787	-	-	-	-	-	-	59,787
Disposal of investment in equity shares of subsidiaries (Note 23)	-	538	-	-	-	-	-	-	538
Unclaimed dividends extinguished by prescription (Note 23)	-	1,438	-	-	-	-	-	-	1,438
Buy-back of ordinary shares (Note 23)	-	-	-	-	-	-	-	(37,118)	(37,118)
BALANCE, DECEMBER 31, 2018	7,747,805	703,931	2,073,636	2,346,051	5,252,354	(226,835)	2,309,414	(1,186,544)	19,019,812
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	2,949	-	-	-	2,949
BALANCE, JANUARY 1, 2019 AS RESTATED	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
Appropriation of 2018 earnings (Note 23)									
Legal reserve	-	-	69,975	-	(69,975)	-	-	-	-
Cash dividends	-	-	-	-	(771,781)	-	-	-	(771,781)
Net profit for the year ended December 31, 2019	-	-	-	-	1,297,473	-	-	-	1,297,473
Other comprehensive income (loss) for the year ended December 31, 2019 (Note 23)	-	-	-	-	3,002	(119,006)	3,145,016	-	3,029,012
Buy-back of ordinary shares (Note 23)	-	-	-	-	-	-	-	(3,955)	(3,955)
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 23)	-	111,041	-	-	-	-	-	-	111,041
Disposal of investments in equity instruments designated as at fair value through other comprehensive income of the Company (Note 23)	-	-	-	-	269,873	-	(269,873)	-	-
Changes in percentage of ownership interests in subsidiaries (Note 23)	-	24,925	-	-	121,046	2,770	(121,046)	93,716	121,411
Disposal of investments in equity instruments designated as at fair value through other comprehensive income of associates (Note 23)	-	-	-	-	66,172	-	(66,172)	-	-
Unclaimed dividends extinguished by prescription (Note 23)	-	7,480	-	-	-	-	-	-	7,480
BALANCE, DECEMBER 31, 2019	$ 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

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

CHIA HSIN CEMENT CORPORATION

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,379,211	$ 770,989
Adjustments for:		
Depreciation expense	147,830	141,725
Expected credit loss (reversed) recognized on trade receivables	(724)	910
Net gain on fair value changes of financial assets at fair value through profit or loss	(149,181)	(58,274)
Finance costs	97,128	73,744
Interest income	(42,545)	(25,576)
Dividend income	(678,936)	(287,940)
Share of profit of subsidiaries, associates and joint ventures	(829,188)	(606,246)
Gain on disposal of investment properties	(895)	-
Gain on disposal of investments	(11,227)	-
Unrealized gain on sales to subsidiaries and associates and joint ventures	1,083	816
Net loss (gain) on foreign currency exchange	49,312	(41,263)
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	(12,769)	(58,168)
Notes receivable	32,685	(48,626)
Trade receivables	39,714	(35,941)
Trade receivables from related parties	2,679	(357)
Other receivables	(40)	475
Other receivables from related parties	(2,968)	5,355
Inventories	(25,422)	20,299
Prepayments	659	9,617
Contract liabilities	(525)	(280)
Notes payable	755	(632)
Trade payables	1,330	(3,030)
Trade payables to related parties	(8,277)	61,292
Other payables	15,779	11,223
Other payables to related parties	2,938	(1,128)
Net defined benefit liability	(755)	(2,456)
Cash generated from (used in) operations	7,651	(73,472)
Interest paid	(97,237)	(74,031)
Income tax paid	(7,406)	(31,341)
Net cash used in operating activities	(96,992)	(178,844)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	271,474	-
Cash returns from capital reductions of investments in financial assets at fair value through other comprehensive income	1,928	-
Acquisition of associates	(1,380,000)	(620,000)

(Continued)

CHIA HSIN CEMENT CORPORATION

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

	2019	2018
Net cash inflow on disposal of subsidiaries	$ 222,929	$ -
Cash returns from capital reduction of associates	-	15,780
Payments for property, plant and equipment	(1,360)	(13,077)
Decrease (increase) in refundable deposits paid	315	(130)
Decrease (increase) in other receivables from related parties	27,111	(570)
Decrease in finance lease receivables - non-current	42,574	-
(Increase) decrease in other financial assets	(27,049)	320,422
Decrease (increase) in other non-current assets	224	(1,256)
Decrease in prepayments for equipment	-	971
Interest received	45,013	24,743
Dividends received from subsidiaries, associates and joint ventures	606,190	258,982
Other dividends received	678,936	287,940
Net cash generated from investing activities	488,285	273,805
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayment) of short-term borrowings	88,000	(275,000)
(Repayment) proceeds of short-term bills payable	(35,000)	194,953
Proceeds of long-term loans	73,750	585,493
Refund of guarantee deposits received	(1,103)	(922)
Repayment of the principal portion of lease liabilities	(46,973)	-
Payments for buy-back of ordinary shares	(3,955)	(37,118)
Cash dividends paid	(771,781)	(387,390)
Net cash (used in) generated from financing activities	(697,062)	80,016
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(43,226)	42,850
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(348,995)	217,827
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	712,308	494,481
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 363,313	$ 712,308

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

CHIA HSIN CEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Chia Hsin Cement Corporation (the "Company") was incorporated in the Republic of China (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 December 31, 2019, 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; lease, 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 renewal area; and warehousing and storage.

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 25, 2020.

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

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

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

   - IFRS 16 "Leases"

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

     <u>Definition of a lease</u>

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

The Company as lessee

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

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

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

The Company also applies the following practical expedients:

1) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Company adjusted the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized on December 31, 2018, instead of assessing the impairment under IAS 36.

3) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

4) The Company excluded initial direct costs from the measurement of right-of-use assets on January 1, 2019.

5) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

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

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 1.58%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 1,692,600
Less: Recognition exemption for short-term leases	(6,473)
Undiscounted amount on January 1, 2019	$ 1,686,127
Discounted amount using the incremental borrowing rate on January 1, 2019	$ 1,378,189
Lease liabilities recognized on January 1, 2019	$ 1,378,189

The Company as lessor

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

The Company subleased its leasehold building to a third party. Such sublease was previously classified as an operating lease under IAS 17. The Company classified the sublease as a finance lease on the basis of the remaining contractual terms and conditions of the head lease and sublease on January 1, 2019, and the Company accounts for the sublease as a new finance lease entered into at that date.

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

	As Originally Stated on January 1, 2019	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Finance lease receivables - current	$ -	$ 41,939	$ 41,939
Finance lease receivables - non-current	-	1,316,291	1,316,291
Right-of-use assets	-	19,959	19,959
Investments accounted for using equity method	-	2,949	2,949
Total effect on assets	$ -	$ 1,381,138	$ 1,381,138
Lease liabilities - current	$ -	$ 46,337	$ 46,337
Lease liabilities - non-current	-	1,331,852	1,331,852
Total effect on liabilities	$ -	$ 1,378,189	$ 1,378,189
Retained earnings	$ -	$ 2,949	$ 2,949
Total effect on equity	$ -	$ 2,949	$ 2,949

If the transactions of the Company as a lessor were accounted for under IAS 17 in the current year, the following adjustments would be made to reflect the line items and balances under IAS 17:

Impact on assets, liabilities and equity for the current year

	For the Year Ended December 31, 2019
Decrease in finance lease receivables - current	$ 43,121
Decrease in finance lease receivables - non-current	1,289,087
Decrease in assets	$ 1,332,208
Decrease in lease liabilities - current	$ 43,121
Decrease in lease liabilities - non-current	1,289,087
Decrease in liabilities	$ 1,332,208

Impact on total comprehensive income for the current year

	For the Year Ended December 31, 2019
Increase in operating revenue	$ -
Increase in operating expenses	-
Decrease in other gains and losses	-
Increase in net profit for the year	$ -
Increase in net profit attributable to:	
Owners of the Company	$ -

Impact on cash flows for current year

	For the Year Ended December 31, 2019
Net decrease in cash inflow from operating activities	$ (21,090)
Net decrease in cash outflow from investing activities	21,090
Net decrease in cash outflow from financing activities	-
Net increase in cash and cash equivalents	$ -

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

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

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence".

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

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's 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 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

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuer.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting financial statements, the functional currencies of the Company's foreign operations (including subsidiaries, associates and joint ventures in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries of parties that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

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

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

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

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

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate and joint venture of parties that are not related to the Company.

h. Property, plant and equipment

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

Except for freehold land which is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term of an item of property, plant and equipment is shorter than its useful life, such asset is depreciated over its lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

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

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

j. Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable at amortized cost, trade receivables, trade receivables from related parties, other receivables (less tax refund receivables), other receivables from related parties, other financial assets - current and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and finance lease receivables.

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

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

For internal credit risk management purposes, the Company determined the following situations as indicators that a financial asset may be in default (without taking into account any collateral held by the Company):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

l. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of cement; sales of cement are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The advance receipts before the delivery of goods are recognized as contract liabilities and reclassified to revenue after the goods are transferred to customers.

2) Revenue from the rendering of services

The revenue from rendering of services is recognized over time with reference to the progress of the fulfillment of contract obligations or recognized on the date the service is provided.

3) Other income

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

m. Leases

<u>2019</u>

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

1) The Company as lessor

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

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

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

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

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

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

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

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

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

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

2018

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

1) The Company as lessor

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

2) The Company as lessee

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

n. Borrowing costs

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

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

4) The linked-tax system

The Company files joint income tax returns for the Company and Chia Hsin Property Management & Development Corporation. The differences between the tax expense and deferred tax liabilities and assets of the Company as a separate entity and of the Company and its qualified subsidiaries as a joint entity are adjusted on the Company; the related amounts are recognized as current tax assets or current tax liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for the impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9 and Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	**2018**
Cash on hand	$ 845	$ 1,050
Checking accounts and demand deposits	196,562	711,258
Cash equivalents		
Commercial paper	33,983	-
Bank deposits (with original maturities of less than 3 months)	5,003	-
Repurchase agreements collateralized by bonds	126,920	-
	$ 363,313	$ 712,308

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:

	December 31	
	2019	**2018**
Commercial paper	0.51%	-
Bank deposits	0.001%-2.76%	0.001%-0.37%
Repurchase agreements collateralized by bonds	2.20%-2.25%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
Financial assets mandatorily measured at fair value through profit or loss (FVTPL) - current		
Non-derivative financial assets		
Domestic listed shares	$ 322,527	$ 245,600
Overseas listed shares	101,423	114,149
Overseas mutual funds - beneficiary certificates	316,504	262,468
	$ 740,454	$ 622,217

The Company has investments in shares of Taiwan Cement Corporation. As of December 31, 2019, the Company held 7,371,606 shares (book value $322,139 thousand) accounted for as financial assets at fair value through profit or loss and 200,110,362 shares (book value $8,744,823 thousand) accounted for as financial assets at fair value through other comprehensive income. Other information for price risks and sensitivity analysis are provided in Note 31.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
Investments in equity instruments at fair value through other comprehensive income (FVTOCI) - current		
Domestic investments		
Listed shares and emerging market shares	$ 1,280,001	$ 1,028,876
Investments in equity instruments at FVTOCI - non-current		
Domestic investments		
Listed shares and emerging market shares	$ 7,687,683	$ 5,852,428
Unlisted shares	345,511	531,321
	$ 8,033,194	$ 6,383,749

These investments in equity instruments are held for medium to long-term strategic purposes. 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 Company's strategy of holding these investments for long-term purposes.

In June and July 2019, the Company sold its shares in Breeze Development Co., Ltd. and Taiwan Stock Exchange Corporation in order to manage credit concentration risk. The shares sold had a fair value of $1,051 thousand and $270,423 thousand, respectively and the related unrealized valuation gain of $50 thousand and $269,823 thousand was transferred from other equity to retained earnings.

Dividends of $643,739 thousand and $277,397 thousand were recognized in 2019 and 2018, respectively. Those related to investments held at December 31, 2019 and 2018 were $643,739 thousand and $277,397 thousand, respectively.

9. NOTES RECEIVABLE, TRADE RECEIVABLES

	December 31	
	2019	2018
Notes receivable		
At amortized cost		
Gross carrying amount	$ 164,344	$ 197,029
Less: Allowance for impairment loss	(1,643)	(1,970)
	$ 162,701	$ 195,059
Trade receivables		
At amortized cost		
Gross carrying amount	$ 31,952	$ 71,666
Less: Allowance for impairment loss	(320)	(717)
	$ 31,632	$ 70,949

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 Company 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 Company reviews the recoverable amount of each individual trade receivables at the end of the year to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables 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 90 days, and no interest was charged on overdue trade receivables. In determining the recoverability of the trade receivables, the Company 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 Company 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 Company 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 Company'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 Company's different customer base.

The Company 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 Company 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 based on the Company's provision matrix:

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%	0%-1%	0%	100%	
Gross carrying amount	$ 186,492	$ 9,804	$ -	$ -	$ 196,296
Allowance for impairment loss (Lifetime ECLs)	(1,865)	(98)	-	-	(1,963)
Amortized cost	$ 184,627	$ 9,706	$ -	$ -	$ 194,333

December 31, 2018

	Not Overdue	Overdue Less than 90 Days	Overdue 90-360 Days	Overdue 1 Year or More	Total
Expected credit loss rate	0.74%	5%	10%	100%	
Gross carrying amount	$ 255,946	$ 9,662	$ 3,087	$ -	$ 268,695
Allowance for impairment loss (Lifetime ECLs)	(1,895)	(483)	(309)	-	(2,687)
Amortized cost	$ 254,051	$ 9,179	$ 2,778	$ -	$ 266,008

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 2,687	$ 1,777
Add: Net remeasurement of loss allowance	-	1,365
Less: Net impairment losses reversed	(724)	(455)
Balance at December 31	$ 1,963	$ 2,687

10. OTHER RECEIVABLES

	December 31 2019	December 31 2018
Interest receivable	$ 4,453	$ 6,921
Other receivable from the disposal of shares	43,713	-
Others	152	112
	$ 48,318	$ 7,033

Other receivables were mainly interest and proceeds of marketable securities disposed. The Company only transacts with counterparts who have good credit ratings. The Company 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. As of December 31, 2019 and 2018, the Company assessed the expected credit loss rate of other receivables as 0%.

11. FINANCE LEASE RECEIVABLES

2019

	December 31, 2019
Undiscounted lease payments	
Year 1	$ 63,664
Year 2	63,664
Year 3	63,664
Year 4	63,664
Year 5	63,664
Year 6 onwards	1,294,502
	1,612,822
Less: Unearned finance income	(280,614)
Finance lease payments receivable	1,332,208
Net investment in leases presented as finance lease receivable	$ 1,332,208
Lease payments receivable	
Not later than 1 year	$ 43,121
Later than 1 year and not later than 5 years	179,449
Later than 5 years	1,109,638
	$ 1,332,208

Since December 2009, the Company has been subleasing the land, facilities and equipment located in the Taipei Port Container Terminal to its subsidiary - Chia Pei International Corporation. As the Company's main lease is a finance lease and the sublease of the abovementioned items is for all the remaining lease term of the main lease, the sublease contract is classified as a finance lease. The sublease was previously classified as operating lease under IAS 17; refer to Note 3 and Note 16 for the details.

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 approximately 1.58% per annum.

To reduce the residual asset risk related to the leased land and machineries and equipment at the end of the relevant lease, the lease contract includes general risk management strategy of the Company.

The Company measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. As of December 31, 2019, no finance lease receivable was past due. The Company has not recognized a loss allowance for finance lease receivable 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 receivable.

12. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 36,451	$ 11,387
Raw materials	1,184	826
	$ 37,635	$ 12,213

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $1,036,784 thousand and $1,017,232 thousand, respectively.

13. OTHER FINANCIAL ASSETS

	December 31	
	2019	2018
Current		
Bank deposits (original maturities of more than 3 months)	$ 838,788	$ 811,739
Non-current		
Restricted deposits	$ 11,320	$ 11,320

a. The Company 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 Company forecasts both 12-month expected credit losses and lifetime expected credit losses of other financial assets. As of December 31, 2019 and 2018, the Company assessed the expected credit loss as 0%.

b. Refer to Note 33 for the carrying amounts of financial assets pledged by the Company to secure obligations.

	December 31	
	2019	2018
Interest rate range		
Bank deposits (original maturities of more than 3 months)	2.01%-2.43%	2.00%-3.01%
Restricted deposits	0.77%-1.065%	0.77%-1.065%

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	$ 13,741,925	$ 13,047,094
Investments in associates	2,313,261	556,819
	$ 16,055,186	$ 13,603,913

a. Investments in subsidiaries

	December 31	
	2019	2018
Unlisted Companies		
Chia Hsin Construction & Development Corp.	$ -	$ 1,789,710
Tong Yang Chia Hsin International Corporation	6,432,832	5,500,806
Chia Hsin Property Management & Development Corporation	3,764,936	3,712,670
Jaho Life Plus+ Management Corp., Ltd.	212,161	252,888
Chia Pei International Corporation	142,153	217,442
YJ International Corporation	2,007,471	858,841
BlueSky. Co., Ltd.	84,177	84,000
Chia Hsin Pacific Limited	2,153,905	1,780,163
	14,797,635	14,196,520
Less: reclassified to treasury stocks (Note 23)	(1,055,710)	(1,149,426)
	$ 13,741,925	$ 13,047,094

	Proportion of Ownership and Voting Rights	
	December 31	
	2019	2018
Chia Hsin Construction & Development Corp. (Note (1))	-	49.87%
Tong Yang Chia Hsin International Corporation	87.18%	87.18%
Chia Hsin Property Management & Development Corporation	100.00%	100.00%
Jaho Life Plus+ Management Corp., Ltd. (Note (2))	100.00%	100.00%
Chia Pei International Corporation	100.00%	100.00%
YJ International Corporation (Note (3))	100.00%	100.00%
BlueSky. Co., Ltd.	100.00%	100.00%
Chia Hsin Pacific Limited	74.16%	74.16%

Note 1: On February 20, 2019, the Company's board of directors (BOD) 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. and reclassified the investment to investment in associate. For more details about the disposal of subsidiary, refer to Note 28.

Note 2: On January 11, 2018, the Company increased its investment in Jaho Life Plus+ Management Corp., Ltd. by NT$200,000 thousand.

Note 3: On March 16, 2018, March 18, 2019 and November 20, 2019, the Company increased its investment in YJ International Corporation by $420,000 thousand, $680,000 thousand and $700,000 thousand, respectively.

Note 4: The Company received cash dividends from its subsidiaries in the amount of $606,190 thousand and $258,982 thousand in 2019 and 2018, respectively.

Note 5: The Company's cash dividend to subsidiaries in 2019 and 2018 was written off against investments in subsidiaries, associates and joint ventures accounted for using equity method, and the carrying amount of capital surplus - treasury share was increased by $111,041 thousand and $59,787 thousand, respectively.

Note 6: For the years ended December 31, 2019 and 2018, investments in subsidiaries were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited.

b. Investments in associates

	December 31	
	2019	**2018**
Material associates		
LDC ROME HOTELS S.R.L.	$ 390,640	$ 423,215
Chia Hsin Construction & Development Corp.	1,783,114	-
	2,173,754	423,215
Associates that are not individually material	139,507	133,604
	$ 2,313,261	$ 556,819

1) Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2019	**2018**
LDC ROME HOTELS S.R.L.	40.00%	40.00%
Chia Hsin Construction & Development Corp.	43.87%	-

Refer to Note 38, Table 9 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

The Company use equity method to account for the investments in the associates mentioned above.

The financial information below was based on the associates' financial statements prepared under IFRSs adjusted for equity-method accounting purpose.

LDC ROME HOTELS S.R.L.

	December 31	
	2019	2018
Current assets	$ 254,372	$ 709,288
Non-current assets	2,135,465	1,923,998
Current liabilities	(556,593)	(505,167)
Non-current liabilities	(856,545)	(1,070,080)
Equity	$ 976,599	$ 1,058,039
Proportion of the Company's ownership	40.00%	40.00%
Equity attributable to the Company	$ 390,640	$ 423,215
Carrying amount	$ 390,640	$ 423,215

	For the Year Ended December 31	
	2019	2018
Operating revenue	$ 632,359	$ 621,933
Net loss for the year	$ (34,051)	$ (42,445)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss) for the year	$ (34,051)	$ (42,445)

Chia Hsin Construction & Development Corp.

	December 31, 2019
Current assets	$ 1,718,219
Non-current assets	2,634,877
Current liabilities	(146,471)
Non-current liabilities	(171,433)
Equity	$ 4,035,192
Proportion of the Company's ownership	43.87%
Equity attributable to the Company	$ 1,770,239
Difference between fair value and book value of remaining equity investments	12,875
Carrying amount	$ 1,783,114

	For the Year Ended December 31, 2019
Operating revenue	$ 102,934
Net profit for the year	$ 155,267
Other comprehensive income (loss)	313,656
Total comprehensive income (loss) for the year	$ 468,923

In February 2019, the Company disposed of part of the shares and consequently lost control over Chia Hsin Construction & Development Corp. Nonetheless, the Company still has significant influence over Chia Hsin Construction & Development Corp. and classified the remaining investment as investment in associate accounted for by using equity method.

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2019	2018
The Company's share of:		
Profit (loss) from continuing operations	$ 2,286	$ (23,378)
Other comprehensive income	3,617	1,142
Total comprehensive income (loss) for the year	$ 5,903	$ (22,236)

For the years ended December 31, 2019 and 2018, investments in associates were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2019
Assets used by the Company	$ 108,171
Assets leased under operating leases	851,299
	$ 959,470

a. Assets used by the Company

	Land	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Total
Cost						
Balance at January 1, 2018	$ 4,669	$ 582,099	$ 14,084	$ 2,678,828	$ -	$ 3,279,680
Additions	-	-	-	-	13,020	13,020
Disposals	-	-	(390)	-	-	(390)
Balance at December 31, 2018	$ 4,669	$ 582,099	$ 13,694	$ 2,678,828	$ 13,020	$ 3,292,310
Revaluation						
Balance at January 1, 2018	$ -	$ 22,562	$ 487	$ -	$ -	$ 23,049
Disposals	-	-	-	-	-	-
Balance at December 31, 2018	$ -	$ 22,562	$ 487	$ -	$ -	$ 23,049
Accumulated depreciation and impairment						
Balance at January 1, 2018	$ -	$ 558,266	$ 14,177	$ 1,502,828	$ -	$ 2,075,271
Depreciation expense	-	15,907	80	123,417	1,085	140,489
Disposals	-	-	(390)	-	-	(390)
Balance at December 31, 2018	$ -	$ 574,173	$ 13,867	$ 1,626,245	$ 1,085	$ 2,215,370
Carrying amount at December 31, 2018	$ 4,669	$ 30,488	$ 314	$ 1,052,583	$ 11,935	$ 1,099,989
Cost						
Balance at January 1, 2019	$ 4,669	$ 582,099	$ 13,694	$ 2,678,828	$ 13,020	$ 3,292,310
Additions	-	-	570	-	1,000	1,570
Disposals	-	(111,273)	(10,443)	-	-	(121,716)
Transfers to assets leased under operating leases	-	(429,490)	-	(2,131,443)	-	(2,560,933)
Balance at December 31, 2019	$ 4,669	$ 41,336	$ 3,821	$ 547,385	$ 14,020	$ 611,231
Revaluation						
Balance at January 1, 2019	$ -	$ 22,562	$ 487	$ -	$ -	$ 23,049
Disposals	-	(6,755)	(487)	-	-	(7,242)
Balance at December 31, 2019	$ -	$ 15,807	$ -	$ -	$ -	$ 15,807
Accumulated depreciation and impairment						
Balance at January 1, 2019	$ -	$ 574,173	$ 13,867	$ 1,626,245	$ 1,085	$ 2,215,370
Depreciation expense	-	-	151	20,627	2,614	23,392
Disposals	-	(118,028)	(10,930)	-	-	(128,958)
Transfers to assets leased under operating leases	-	(399,002)	-	(1,191,935)	-	(1,590,937)
Balance at December 31, 2019	$ -	$ 57,143	$ 3,088	$ 454,937	$ 3,699	$ 518,867
Carrying amount at December 31, 2019	$ 4,669	$ -	$ 733	$ 92,448	$ 10,321	$ 108,171

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

Machinery and equipment	4-15 years
Transportation equipment	2-10 years
Other equipment	4 years
Leasehold improvement	
Office building	15-24 years
Plant	7-30 years
Others	3-24 years

b. Assets leased under operating leases - 2019

	Machinery and Equipment	Leasehold Improvements	Total
Cost			
Balance at January 1, 2019	$ -	$ -	$ -
Transfers from assets used by the Company	429,490	2,131,443	2,560,933
Balance at December 31, 2019	$ 429,490	$ 2,131,433	$ 2,560,933
Accumulated depreciation and impairment			
Balance at January 1, 2019	$ -	$ -	$ -
Transfers from assets used by the Company	399,002	1,191,935	1,590,937
Depreciation expense	15,907	102,790	118,697
Balance at December 31, 2019	$ 414,909	$ 1,294,725	$ 1,709,634
Carrying amount at December 31, 2019	$ 14,581	$ 836,718	$ 851,299

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

Machinery and equipment	8 years
Leasehold improvement	
Office building	8-20 years
Plant	8-20 years
Others	10-20 years

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

	December 31, 2019
Year 1	$ 130,567
Year 2	-
Year 3	-
Year 4	-
Year 5	-
	$ 130,567

As of December 31, 2018, the future minimum lease payments of non-cancellable operating leases are as follows:

	December 31, 2018
Not later than 1 year	$ 130,567
Later than 1 year and not later than 5 years	130,567
Later than 5 years	-
	$ 261,134

16. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Buildings	$ 1,046
Land improvements	14,408
	$ 15,454

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 16,554
Depreciation charge for right-of-use assets	
Buildings	$ 1,303
Land improvements	3,202
	$ 4,505

b. Lease liabilities - 2019

	December 31, 2019
Carrying amount	
Current	$ 47,322
Non-current	$ 1,300,448

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	1.50%
Land improvement	1.38%-1.58%

c. Material leasing activities and terms as lessee

Warehousing and storage service at the wharves

The Company renders warehousing and storage service and signed as lessee lease contracts with Port of Keelung, Taiwan International Ports Co., Ltd. for the leasing of facilities and lands in (a) wharf No. 33 in the west port of Keelung (Port of Keelung) and (b) No. 1 general cargo terminal in port of Taipei (Port of Taipei). The period of the lease of the Port of Keelung is 23 years and 9 months which started on October 7, 2000. The period of the lease of the Port of Taipei is 35 years and 5 months which started on December 10, 2009. The rentals for lands are calculated on the basis of the regional average rental and the annual rental rate per square meter announced by the government. The land rental rates are adjusted in line with the regional rental rate and the market rate 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) of the Executive Yuan of the ROC. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets in the leases mentioned above without the lessor’s consent. The Company may renew the lease contract at the end of the lease term by signing a new one.

d. Other leasing information

The Company as lessor is leasing investment properties and assets; operating leases of investment properties are set out in Note 17; finance leases of assets are set out in Note 11.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 8,714
Expenses relating to low-value asset leases	$ -
Total cash outflow for leases	$ (77,017)

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

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	$ 75,227
Later than 1 year and not later than 5 years	269,811
Later than 5 years	1,347,562
	$ 1,692,600

17. INVESTMENT PROPERTIES

	For the Year Ended December 31	
	2019	2018
Cost		
Balance at January 1	$ 277,135	$ 277,135
Additions	-	-
Balance at December 31	$ 277,135	$ 277,135
Accumulated amortization		
Balance at January 1	$ 7,007	$ 5,771
Amortization expense	1,236	1,236
Balance at December 31	$ 8,243	$ 7,007
Carrying amount		
Carrying amount at January 1	$ 270,128	$ 271,364
Carrying amount at December 31	$ 268,892	$ 270,128

The above items of investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Office building	14-15 years

The investment properties are not evaluated by an independent valuer but valued by the management of the Company using the valuation model that market participants would use in determining the fair value. 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:

	For the Year Ended December 31	
	2019	2018
The fair value of investment properties	$ 308,089	$ 311,236
Discount rate	5.13%	8.22%

The investment properties were leased out for 1 to 5 years, with an option to extend for additional years. The 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 investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2019 is as follows:

	December 31, 2019
Year 1	$ 4,342
Year 2	3,793
Year 3	3,483
Year 4	3,483
Year 5	3,483
Later than 5 years	-
	$ 18,584

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2018 are as follows:

	December 31, 2018
Not later than 1 year	$ 67,104
Later than 1 year and not later than 5 years	252,663
Later than 5 years	1,344,394
	$ 1,664,161

18. OTHER ASSETS

	December 31	
	2019	2018
Current		
Prepayments		
Overpaid sales tax	$ -	$ 1,502
Others	3,178	2,335
	$ 3,178	$ 3,837
Non-current		
Refundable deposits	$ 7,136	$ 7,451
Other non-current assets		
Others	$ 1,929	$ 2,153

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Line of credit borrowings	$ 540,000	$ 452,000

The range of interest rates on bank loans was 1.00%-1.03% and 0.96%-1.03% per annum as of December 31, 2019 and 2018, respectively

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	$ 270,000	$ 305,000
Less: Unamortized discounts on bills payable	(242)	(165)
	$ 269,758	$ 304,835

Outstanding short-term bills payable were as follows:

December 31, 2019

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

December 31, 2018

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
Ta Ching Bills	$ 142,000	$ (64)	$ 141,936	1.04%	None
Mega Bills	100,000	(22)	99,978	1.02%	None
China Development	63,000	(79)	62,921	1.04%	None
	$ 305,000	$ (165)	$ 304,835		

c. Long-term borrowings

	December 31	
	2019	2018
Secured borrowings		
Bank loans	$ 4,824,928	$ 4,751,178
Unsecured borrowings		
Bank loans	100,000	100,000
	4,924,928	4,851,178
Less: Current portion	(923,678)	(519,000)
Long-term borrowings	$ 4,001,250	$ 4,332,178

1) The Company 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. The bank loan is to be repaid at once or in instalment according to the agreement. The facility allows drawdown on a revolving basis. In the years ended December 31, 2019 and 2018, the Company has taken new bank loans in the amounts of $1,745,000 thousand and $905,000 thousand, with interest rates of 1.30%-1.49% and 1.30%-1.49%, respectively. The loan contracts will be due by December 28, 2024.

2) The Company signed medium-term unsecured loan contract with Bank SinoPac. The bank loan is to be repaid at once or in instalment according to the agreement. The facility allows drawdown on a revolving basis. In the year ended December 31, 2018, the Company has taken new bank loan in the amounts of $100,000 thousand, with interest rate of 1.38%. The loan contract will be due by May 28, 2021. No loan was taken in 2019.

3) The secured loans were guaranteed by related parties or secured by items pledged by related parties. Please refer to Notes 32 and 33.

20. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2019	2018
Notes payable		
Operating	$ 2,906	$ 2,151
Trade payables		
Operating	$ 92,331	$ 91,001

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

21. OTHER LIABILITIES

	December 31 2019	December 31 2018
Current		
Other payables		
Payables for salaries and bonuses	$ 65,349	$ 44,527
Payables for interests	1,321	1,353
Payables for professional fees	1,798	1,747
Payables for machinery and equipment	210	8,127
Payables for VAT taxes	3,784	460
Others	5,595	12,021
	$ 78,057	$ 68,235

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan are as follows:

	December 31 2019	December 31 2018
Present value of defined benefit obligation	$ (97,888)	$ (96,896)
Fair value of plan assets	80,052	77,214
Deficit	(17,836)	(19,682)
Net defined benefit liabilities	$ (17,836)	$ (19,682)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2018	$ 103,418	$ (81,539)	$ 21,879
Service cost			
Current service cost	1,716	-	1,716
Net interest expense (income)	1,164	(943)	221
Recognized in profit or loss	2,880	(943)	1,937
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,098)	(2,098)
Actuarial loss - changes in financial assumptions	1,115	-	1,115
Actuarial loss - experience adjustments	1,242	-	1,242
Recognized in other comprehensive income	2,357	(2,098)	259
Benefits paid	(11,759)	11,759	-
Contributions from the employer	-	(4,393)	(4,393)
Balance at December 31, 2018	96,896	(77,214)	19,682
Service cost			
Current service cost	1,675	-	1,675
Net interest expense (income)	970	(794)	176
Recognized in profit or loss	2,645	(794)	1,851
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,959)	(2,959)
Actuarial loss - changes in financial assumptions	2,396	-	2,396
Actuarial loss - experience adjustments	(528)	-	(528)
Recognized in other comprehensive income	1,868	(2,959)	(1,091)
Benefits paid	(3,521)	3,521	-
Contributions from the employer	-	(2,606)	(2,606)
Balance at December 31, 2019	$ 97,888	$ (80,052)	$ 17,836

Through the defined benefit plan under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2019	2018
Discount rate(s)	0.75%	1.00%
Expected rate(s) of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2019	2018
Discount rate(s)		
0.25% increase	$ (2,395)	$ (2,210)
0.25% decrease	$ 2,481	$ 2,289
Expected rate(s) of salary increase		
0.25% increase	$ 2,410	$ 2,232
0.25% decrease	$ (2,339)	$ (2,166)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	2018
Expected contributions to the plan for the next year	$ 2,190	$ 4,393
Average duration of the defined benefit obligation	10.7 years	10.1 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2019	2018
Number of authorized shares (in thousands)	1,500,000	1,500,000
Amount of authorized shares	$ 15,000,000	$ 15,000,000
Number of issued and fully paid shares (in thousands)	774,781	774,781
Amount of issued and fully paid shares	$ 7,747,805	$ 7,747,805

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

	December 31	
	2019	2018
May only be used to offset a deficit (Note 1)		
Treasury share transaction	$ 367,772	$ 367,772
Unclaimed dividends extinguished by prescription	9,593	2,113
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 2)		
Treasury share transaction		
Dividends paid to subsidiaries	444,542	333,501
Disposal of treasury shares	24,925	-
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	545	545
	$ 847,377	$ 703,931

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

Note 2: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company'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, 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 employees' compensation and remuneration of directors in Note 25(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 2018 and 2017 approved in the shareholders' regular meetings on June 21, 2019 and June 21, 2018, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2018	2017	2018	2017
Legal reserve	$ 69,975	$ 89,520	$ -	$ -
Special reserve	-	(105,522)	-	-
Cash dividends	771,781	387,390	1.0	0.5

In the appropriation of earnings for 2017, the Company reversed special reserve of $105,522 thousand, the amount reserved under Rule No. 1010047490 issued by the FSC. The rule requires the Company to appropriate a special reserve for the difference between the market price and carrying amount of the Company's shares held by subsidiaries proportional to its holding in those subsidiaries, when such market price is lower than the carrying amount. The special reserve appropriated may be reversed, proportionally to the Company's holding in the subsidiaries, to the extent that the market price reverses.

The appropriation of earnings for 2019 proposed by the Company's board of directors on March 25, 2020 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 176,052	$ -
Cash dividends	771,781	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 special reserve for the following:

1) Special reserve appropriated or reversed under 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.

2) Special reserve appropriated under Rule No. 1010047490 issued by the FSC, i.e., the special reserve for the difference between the market price and carrying amount of the Company's shares held by subsidiaries proportional to its holding in those subsidiaries. The special reserve appropriated may be reversed to the extent that the market price increases.

The special reserves recognized as of December 31, 2019 and 2018 were as follows:

	For the Year Ended December 31	
	2019	2018
Appropriation in respect of the Articles of Incorporation of the Company	$ 295,756	$ 295,756
First application of Rule No. 1010012865 issued by the FSC		
Revaluation of investment properties	1,881,505	1,881,505
Exchange differences on translating the financial statements of foreign operations	168,790	168,790
Balance at December 31	$ 2,346,051	$ 2,346,051

e. Other equity items

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (226,835)	$ (233,797)
Effect of change in tax rate	-	2,349
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(148,758)	5,765
Related income tax	29,752	(1,152)
Other comprehensive income recognized for the period	(119,006)	6,962
Reclassification adjustments		
Disposal of subsidiaries	2,770	-
Balance at December 31	$ (343,071)	$ (226,835)

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 2,309,414	$ 1,633,454
Recognized for the year		
Unrealized gain/(loss) - financial instrument at FVTOCI	2,174,972	477,497
Share from associates accounted for using the equity method	970,044	198,463
Other comprehensive income recognized for the year	3,145,016	675,960
Reclassification adjustments		
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	(269,873)	-
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal of interest in subsidiaries	(66,172)	-
Disposal of interest in subsidiaries	(121,046)	-
Balance at December 31	$ 4,997,339	$ 2,309,414

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2018	-	131,226	131,226
Increase during the year	2,714	-	2,714
Number of shares at December 31, 2018	2,714	131,226	133,940
Number of shares at January 1, 2019	2,174	131,226	133,940
Increase during the year	286	-	286
Decrease during the year	-	(3,855)	(3,855)
Number of shares at December 31, 2019	3,000	127,371	130,371

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 and repurchased 3,000 thousand of its own shares from the centralized securities exchange market at the price from NT$9 to NT$18, with the maximum total amount of NT$54,000 thousand.

The repurchase of shares mentioned above was conducted during the period from November 14, 2018 to January 11, 2019. In the fourth quarter of 2018 and in the first quarter of 2019, the Company repurchased 2,714 thousand and 286 thousand shares, equivalent to NT$37,118 thousand and NT$3,955 thousand, respectively. By January 11, 2019, the Company had already repurchased all the 3,000 thousand shares, with the total amount of NT$41,073 thousand.

The Company lost control over its subsidiary - Chia Hsin Construction & Development Corp. due to the disposal of part of the shares of 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 NT$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:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
December 31, 2019			
By direct investment			
Tong Yang Chia Hsin International Corporation	127,371	$ 1,055,710	$ 2,481,776
December 31, 2018			
By direct investment			
Chia Hsin Construction & Development Corp.	3,855	$ 30,849	$ 26,151
Tong Yang Chia Hsin International Corporation	127,371	1,118,577	1,600,092
		$ 1,149,426	$ 1,626,243

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.

24. REVENUE

a. Contract information

Revenue from the sale of goods

The main operating revenue of the Company is from the sale of cement. All goods are sold at their respective fixed amounts as agreed in the contracts.

Revenue from the rent

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

Revenue from rendering of services

The Company renders management service to its subsidiaries. The Company charges the subsidiaries upon finishing the services according to the signed management contracts.

Other revenue - warehousing and storage services

The Company operates the cement silo and other storage and transport facilities in wharves to provide warehousing and storage services. The fee is calculated based on the actual amount of goods delivered and the agreed price in the signed contracts.

b. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables and notes receivable (Note 9)	$ 194,333	$ 266,008	$ 182,351
Trade receivables from related parties (Note 32)	$ 5,783	$ 8,462	$ 8,105
Contract liabilities			
Sale of goods	$ 4,996	$ 5,521	$ 5,801

Revenue recognized in the current reporting period that was included in the contract liability balance at the beginning of the period and from the performance obligations satisfied in the year ended December 31, 2019 and 2018 was $5,521 thousand and $5,801 thousand, respectively.

c. Disaggregation of revenue

	For the Year Ended December 31	
	2019	2018
Type of goods or services		
Sale of goods	$ 1,022,319	$ 984,063
Lease income	4,484	4,537
Management services	30,054	25,760
Other revenue		
Revenue from warehousing and storage service	192,466	189,686
	$ 1,249,323	$ 1,204,046

25. NET PROFIT FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operations was attributable to:

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income	$ 42,545	$ 25,576
Dividends (Note 32)	678,936	287,940
Remuneration of director (Note 32)	26,014	5,722
Others	14,345	3,317
	$ 761,840	$ 322,555

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Gain on disposal of investment properties	$ 895	$ -
Gain on disposal of subsidiary (Note 28)	11,227	-
Net foreign exchange (losses)/gains (g)	(38,285)	57,662
Gain on fair value change of financial assets mandatorily measured at FVTPL	149,181	58,274
Service fee arising from endorsement guarantee (Note 32)	(23,053)	(22,599)
Others	(125)	(3,618)
	$ 99,840	$ 89,719

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 75,647	$ 73,294
Interest on lease liabilities	21,330	-
Other interest	151	450
	$ 97,128	$ 73,744

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Property, plant and equipment	$ 142,089	$ 140,489
Investment properties	1,236	1,236
Right-of-use assets	4,505	-
	$ 147,830	$ 141,725
An analysis of depreciation by function		
Operating costs	$ 143,906	$ 140,640
Operating expenses	3,392	1,085
Selling and marketing expenses	532	-
	$ 147,830	$ 141,725

e. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term benefits	$ 153,693	$ 117,490
Post-employment benefits (Note 22)		
Defined contribution plan	2,909	2,635
Defined benefit plan	1,851	1,937
Retirement pension for managers	10,621	-
Other employee benefits	5,293	4,866
	$ 174,367	$ 126,928
An analysis of employee benefits expense by function		
Operating costs	$ 10,764	$ 15,256
Operating expenses	163,603	111,672
	$ 174,367	$ 126,928

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 employees' compensation and remuneration of directors and supervisors for the years 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, are as follows:

	For the Year Ended December 31	
	2019	2018
Employees' compensation	1.12%	1.23%
Remuneration of directors	0.30%	1.23%

	For the Year Ended December 31			
	2019		2018	
	Cash	Shares	Cash	Shares
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 paid and the amounts recognized in the financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the 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 or losses on foreign currency exchange

	For the Year Ended December 31	
	2019	2018
Foreign exchange gains	$ 62,680	$ 120,400
Foreign exchange losses	(100,965)	(62,738)
Net foreign exchange gains/(losses)	$ (38,285)	$ 57,662

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

According to regulations stipulated by Ruling Letter No. 910458039 dated February 12, 2003, "Principles and regulations of profit-seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law", when a financial holding company holds more than 90% of the shares of a domestic subsidiary, the financial holding company and the subsidiary can file a joint tax return once the financial holding company has held more than 90% of the subsidiary for 12 months during a taxable year.

The Company filed the joint income tax returns of the Company and Chia Hsin Property Management & Development Corporation. The objective of the Company under the linked-tax system is to reduce the income tax liabilities of the companies by maximizing the benefits from the synergy of the Company and its subsidiary.

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 3,306	$ (18,423)
Income tax on unappropriated earnings	7,161	49,456
Adjustments for prior years	(7,299)	(5,778)
	3,168	25,255
Deferred tax		
In respect of the current year	78,570	47,673
Adjustments to deferred tax attributable to changes in tax rates	-	(1,694)
Income tax expense recognized in profit or loss	$ 81,738	$ 71,234

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2019	2018
Profit before tax from continuing operations	$ 1,379,211	$ 770,989
Income tax expense calculated at the statutory rate	$ 275,842	$ 154,198
Nondeductible expenses in determining taxable income	450	1,681
Tax-exempt income	(294,702)	(154,226)
Income tax on unappropriated earnings	7,161	49,456
Unrecognized loss carryforwards/deductible temporary differences	100,286	27,597
Adjustments for prior years' income tax	(7,299)	(5,778)
Effect of tax rate changes	-	(1,694)
Income tax expense recognized in profit or loss	$ 81,738	$ 71,234

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plan	$ -	$ (1,620)
Translation of foreign operations	-	(2,349)
Effect of change in tax rate		
Translation of foreign operations	(29,752)	1,152
Remeasurement of defined benefit plan	218	(51)
Total income tax recognized in other comprehensive income	$ (29,534)	$ (2,868)

c. Current tax liabilities

	December 31	
	2019	2018
Current tax liabilities		
Income tax payable	$ 34,074	$ 32,249

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Financial assets at FVTPL	$ 170	$ (170)	$ -	$ -
Retirement pension	51,776	(152)	-	51,624
Defined benefit obligations	10,848	-	(218)	10,630
Payables for annual leave	428	40	-	468
Deferred expense	1,819	(1,766)	-	53
Unrealized gain or loss on foreign exchange	-	8,645	-	8,645
Exchange differences on translating the financial statements of foreign operations	14,512	-	29,752	44,264
Others	554	59	-	613
	$ 80,107	$ 6,656	$ 29,534	$ 116,297

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Financial assets at FVTPL	$ -	$ 3,376	$ -	$ 3,376
Net gain on investment accounted for using the equity method	104,898	90,522	-	195,420
Deferred revenue	94	(92)	-	2
Unrealized gain or loss on foreign exchange	8,570	(8,570)	-	-
Others	56	(10)	-	46
	$ 113,618	$ 85,226	$ -	$ 198,844

For the year ended December 31, 2018

	Opening Balance (Note)	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Financial assets at FVTPL	$ 3,475	$ (3,305)	$ -	$ 170
Retirement pension	44,427	7,349	-	51,776
Defined benefit obligations	9,177	-	1,671	10,848
Payables for annual leave	342	86	-	428
Deferred revenue	121	(121)	-	-
Deferred expense	3,095	(1,276)	-	1,819
Unrealized gain or loss on foreign exchange	13,342	(13,342)	-	-
Exchange differences on translating the financial statements of foreign operations	13,315	-	1,197	14,512
Others	335	219	-	554
	$ 87,629	$ (10,390)	$ 2,868	$ 80,107
Deferred tax liabilities				
Temporary differences				
Financial assets at FVTPL	$ 4,420	$ (4,420)	$ -	$ -
Net gain on investment accounted for using the equity method	73,510	31,388	-	104,898
Deferred revenue	-	94	-	94
Unrealized gain or loss on foreign exchange	-	8,570	-	8,570
Others	99	(43)	-	56
	$ 78,029	$ 35,589	$ -	$ 113,618

e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2019	**2018**
Deductible temporary differences		
Loss on fair value change of financial assets at FVTOCI	$ 132,217	$ 132,217
Gain or loss on investment in subsidiaries and associates accounted for using equity method	600,947	333,987
	$ 733,164	$ 466,204

f. Income tax assessments

The income tax returns through 2016 have been assessed by the tax authorities, and the difference between the amount filed and the amount assessed has been recognized under the current period's income tax expense.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	**2018**
Basic earnings per share	$ 2.02	$ 1.09
Diluted earnings per share	$ 2.01	$ 1.09

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

Net Profit for the year:

	For the Year Ended December 31	
	2019	**2018**
Profit for the year	$ 1,297,473	$ 699,755
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	$ 1,297,473	$ 699,755

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

	For the Year Ended December 31	
	2019	**2018**
Weighted average number of ordinary shares used in the computation of basic earnings per share	643,812	643,347
Effect of potentially dilutive ordinary shares:		
Employees' compensation	854	917
Weighted average number of ordinary shares used in the computation of diluted earnings per share	644,666	644,264

28. DISPOSAL OF SUBSIDIARY

On February 23, 2019, the Company 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 Company 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

	Chia Hsin Construction & Development Corp.
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	7,129
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	(1,941)
Lease liabilities - non-current	(178,344)
Other non-current liabilities	(80,162)
Net assets	$ 3,696,785
Percentage of shareholding disposed of	6%
Net assets disposed of	$ 221,807

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

	Chia Hsin Construction & Development Corp.
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 reclassification of controlling interest to profit or loss due to the loss of control over the subsidiary	(2,770)
Gain on disposal	$ 11,227

29. CASH FLOW INFORMATION

a. Non-cash transactions

1) For the years ended December 31, 2019 and 2018, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

   As of December 31, 2019 and 2018, other payable - equipment was $210 thousand and $8,127 thousand, respectively.

2) Proceeds from the disposal of financial assets at fair value through profit or loss amounting to $43,713 thousand have not yet been received in cash at December 31, 2019.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2019

			Non-cash Changes			
	Opening Balance	Cash Flows	Fair Value Adjustment	Interest Expense	Others	Closing Balance
Short-term borrowings	$ 452,000	$ 88,000	$ -	$ -	$ -	$ 540,000
Short-term bills payable	304,835	(35,000)	-	(77)	-	269,758
Long-term borrowings	4,851,178	73,750	-	-	-	4,924,928
Guarantee deposits received	26,495	(1,103)	-	-	-	25,392
Lease liabilities (Note 3)	1,378,189	(46,973)	16,554	21,330	(21,330)	1,347,770
	$ 7,012,697	$ 78,674	$ 16,554	$ 21,253	$ (21,330)	$ 7,107,848

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Closing Balance
Short-term borrowings	$ 727,000	$ (275,000)	$ 452,000
Short-term bills payable	109,882	194,953	304,835
Long-term borrowings	4,265,685	585,493	4,851,178
Guarantee deposits received	27,417	(922)	26,495
	$ 5,129,984	$ 504,524	$ 5,634,508

30. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company 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 Company's overall strategy remained unchanged in both 2019 and 2018.

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

The management of the Company 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. The Company balances its overall capital structure by obtaining short-term financing facilities from financial institutions and adjusting the amount of dividends paid to the shareholders.

31. FINANCIAL INSTRUMENTS

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

The Company'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.

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	$ 322,527	$ -	$ -	$ 322,527
Listed shares in foreign market	101,423	-	-	101,423
Mutual funds	-	316,504	-	316,504
	$ 423,950	$ 316,504	$ -	$ 740,454
Financial assets at FVTOCI				
Listed shares in domestic market	$ 8,968,684	$ -	$ -	$ 8,968,684
Unlisted shares - ROC	-	-	345,511	345,511
	$ 8,968,684	$ -	$ 345,511	$ 9,314,195

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	$ 245,600	$ -	$ -	$ 245,600
Listed shares in foreign market	114,149	-	-	114,149
Mutual funds	-	262,468	-	262,468
	$ 359,749	$ 262,468	$ -	$ 622,217
Financial assets at FVTOCI				
Listed shares in domestic market	$ 6,881,304	$ -	$ -	$ 6,881,304
Unlisted shares - ROC	-	-	531,321	531,321
	$ 6,881,304	$ -	$ 531,321	$ 7,412,625

There were no transfers between Levels 1 and 2 in 2019 and 2018.

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

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2019	$ 531,321
Disposal	(271,474)
Recognized in other comprehensive income	85,664
Balance at December 31, 2019	$ 345,511

For the year ended December 31, 2018

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2018	$ 497,672
Purchase	-
Recognized in other comprehensive income	33,649
Balance at December 31, 2018	$ 531,321

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

The Company 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 December 31, 2019 and 2018, the ranges of liquidity discount used were 11.83%-23.54% and 9.08%-36.43%, 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 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 instruments

	December 31	
	2019	**2018**
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 740,454	$ 622,217
Financial assets measured at amortized cost (Note 1)	1,622,454	2,001,952
Financial assets at FVTOCI		
Investments accounted for using the equity method	9,314,195	7,412,625
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	5,981,257	5,873,265

Note 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, other receivables from related parties, other financial assets - current and other non-current assets - refundable deposits.

Note 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, payable for pension costs and tax payable), current portion of long-term borrowings, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Company’s major financial instruments include equity securities, trade receivables, other financial assets, trade payables, lease liabilities and borrowings. The Company’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 Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk and other price risk), credit risk and liquidity risk.

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

1) Market risk

The Company'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).

There is no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency transactions, which expose the Company 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 Company's net investments in foreign operations are strategic investments, the Company does not seek to hedge against the currency risk.

The carrying amounts of the Company'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 35.

<u>Sensitivity analysis</u>

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

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. 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 a increase in pre-tax profit and other equity associated with the New Taiwan dollar weakening 5% against the relevant currency. For a 5% strengthening of the New Taiwan dollar 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.

	USD Impact		**HKD Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Profit or loss	$ 49,070	$ 41,087	$ 1,300	$ 19

	EUR Impact		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Profit or loss	$ 10,995	$ 11,434	$ 131	$ 28,896

The above results of the Company'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 and HKD and the decrease in financial assets in EUR and JPY.

b) Interest rate risk

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

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

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 2,347,952	$ 822,789
Financial liabilities	2,157,528	566,835
Cash flow interest rate risk		
Financial assets	140,421	682,375
Financial liabilities	4,924,928	5,041,178

Sensitivity analysis

The sensitivity analysis below is based on the Company's exposure to interest rates of 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 Company's pre-tax profit for the years ended December 31, 2019 and 2018 would have been lower/higher by $11,961 thousand and $10,897 thousand, respectively. The Company's sensitivity to interest rates increased during the current period mainly due to the increase in variable rate net liabilities.

c) Other price risk

The Company 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 Company does not actively trade these investments. Sensitivity analysis is used for evaluating the exposure to equity price risks.

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 years ended December 31, 2019 and 2018 would have been higher/lower by $4,183 thousand and $3,770 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 years ended December 31, 2019 and 2018 would have been higher/lower by $5,694 thousand and $7,554 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices of TCC had been 1% higher/lower, the pre-tax profit or loss for the years ended December 31, 2019 and 2018 would have been higher/lower by $3,221 thousand and $2,452 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 years ended December 31, 2019 and 2018 would have been higher/lower by $87,448 thousand and $66,572 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to equity price increased due to the increase in equity securities and the higher price.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the year, the Company's maximum exposure to credit risk which would cause a financial loss to the Company due to failure of counterparties to discharge their obligations and due to the financial guarantees provided by the Company, 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 Company.

The Company 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 Company 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 Company. As of December 31, 2019 and 2018, trade receivables from the top 10 customers was 84% and 90%, respectively, of total trade receivables.

In order to minimize credit risk, the management of the Company 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 view of the method mentioned above, the management considered the Company's credit risk has materially declined.

In addition, transactions with banks of high credit ratings given by international rating agencies are mostly free from credit risks.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Company 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 Company'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 Company 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.

December 31, 2019

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	$ 99,792	$ 117,354	$ 4,413	$ 2,280	$ 22,732
Fixed interest rate liabilities	641,165	170,000	-	-	-
Lease liabilities	16,856	220	50,967	329,937	1,230,838
Variable interest rate liabilities	5,833	71,667	912,686	4,170,238	-
	$ 763,646	$ 359,241	$ 968,066	$ 4,502,455	$ 1,253,570

Additional information about the maturity analysis of lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 68,043	$ 329,937	$ 318,320	$ 318,320	$ 318,320	$ 275,878

December 31, 2018

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 108,041	$ 120,707	$ 12,949	$ -	$ 23,555
Fixed interest rate bank loan	567,311	-	-	-	-
Variable interest rate bank loan	195,919	71,533	509,165	4,502,783	-
	$ 871,271	$ 192,240	$ 522,114	$ 4,502,783	$ 23,555

b) Financing facilities

	December 31	
	2019	2018
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 910,000	$ 857,000
Amount unused	2,700,000	3,353,000
	$ 3,610,000	$ 4,210,000
Secured bank overdraft facilities:		
Amount used	$ 4,825,000	$ 4,751,400
Amount unused	740,000	1,096,250
	$ 5,565,000	$ 5,847,650

32. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Taiwan Cement Corporation	The Company acts as a member of the BOD
Tong Yang Chia Hsin International Corporation	Subsidiaries
Chia Hsin Property Management & Development Corporation	Subsidiaries
Chia Pei International Corporation	Subsidiaries
Chia Hsin Construction & Development Corp. (Note 1)	Associates
Jaho Life Plus+ Management Corp., Ltd.	Subsidiaries
YJ International Corporation	Subsidiaries
CHC Ryukyu Development GK	Subsidiaries
CHC Ryukyu COLLECTIVE KK (Note 2)	Subsidiaries
LDC ROME HOTELS S.R.L.	Associates

Note 1: The Company disposed of 6% of its stake in the shares of Chia Hsin Construction & Development Corp. and, therefore, lost control over the subsidiary. Nevertheless, the Company still has significant influence on Chia Hsin Construction & Development Corp.

Note 2: On July 1, 2019, CHC Ryukyu Development GK established, through a spin-off, a new company, CHC Ryukyu COLLECTIVE KK.

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Name	2019	2018
Service revenue (Note 1)	Subsidiaries (Note 1)		
	Chia Hsin Property Management & Development Corporation	$ 6,960	$ 7,332
	Chia Pei International Corporation	3,468	3,468
	Tong Yang Chia Hsin International Corporation	3,036	3,036
	YJ International Corporation	1,560	-
	CHC Ryukyu COLLECTIVE KK	10,526	-
	CHC Ryukyu Development GK	1,384	8,976
	Jaho Life Plus+ Management Corp., Ltd.	3,120	2,948
		$ 30,054	$ 25,760
Other revenue	Taiwan Cement Corporation (Note 3)	$ 28,119	$ 25,963
	Subsidiaries		
	Chia Pei International Corporation (Note 2)	130,567	130,567
		$ 158,686	$ 156,530

Note 1: The Company's service revenue comes from the management services provided to the related parties. According to the contract, the service fee is based on the amount of the relevant expenses and the additional 10% charge. The fee is paid monthly and the receipt is issued in the next month.

Note 2: To ensure the smooth operation of the wharf in the Port of Taipei and the facilities in the base, the Company signed an agreement with its subsidiaries for logistic and warehouse service and cooperative management in the port. The service fee is determined by taking the Company's investment and remuneration into consideration. The fee is settled monthly and paid quarterly. The receipt is issued in the same month when the fee is settled.

Note 3: To ensure the smooth operation of cement silo in wharf No. 33 of the west bank in the Port of Keelung, the Company signed a management agreement with its associates. The fee is settled monthly and the receipt is issued in the next month.

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Cost of goods sold	The Company acts as a member of the BOD		
	Taiwan Cement Corporation	$ 484,963	$ 421,084
Other operating cost	Subsidiaries		
	Tong Yang Chia Hsin International Corporation	$ 68,871	$ 69,344

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.

To ensure the smooth operation of cement silo in wharf No. 33 of the west bank in the Port of Keelung, the Company signed a management agreement with its subsidiaries. The fee is billed monthly and paid in the next month. In addition, to supply cement to Taichung and its surrounding area, the Company signed an agreement with its subsidiaries for the logistic and warehouse service. The stock and distribution center in wharf No. 27 in the Port of Taichung takes charge of such service. The fee is billed at the end of each month and paid in the next month.

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

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Trade receivables	The Company acts as a member of the BOD		
	Taiwan Cement Corporation	$ 2,661	$ 5,833
	Subsidiaries	3,122	2,629
		$ 5,783	$ 8,462
Other receivables	Subsidiaries	$ 11,489	$ 8,145
	Associates	1,627	1,486
		$ 13,116	$ 9,631

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Other receivables under linked-tax system (other receivables from related parties)	Subsidiaries Chia Hsin Property Management & Development Corporation	$ 24,462	$ 18,400

The outstanding trade and other receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment loss was recognized on trade and other receivables from related parties.

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

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Trade payables	Subsidiaries	$ 6,744	$ 8,752
	The Company acts as a member of the BOD Taiwan Cement Corporation	83,580	89,849
		$ 90,324	$ 98,601
Other payables	Subsidiaries Chia Hsin Property Management & Development Corporation	$ 24,235	$ 23,756
	Other subsidiaries	2,459	-
		$ 26,694	$ 23,756

The outstanding trade and other payables to related parties are unsecured.

f. Loans to related parties

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Other receivables	Associates LDC ROME HOTELS S.R.L.	$ 115,885	$ 149,600

The Company provided its associates with unsecured short-term loans at rates comparable to market interest rates. For the years ended December 31, 2019 and 2018, the interest revenue from the loans was $1,946 thousand and $2,332 thousand, respectively.

g. Acquisitions of financial assets

For the year ended December 31, 2019

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Subsidiaries YJ International Corporation	Investments accounted for using the equity method	138,000,000	YJ International Corporation	$ 1,380,000

For the year ended December 31, 2018

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Subsidiaries				
Jaho Life Plus+ Management Corp., Ltd.	Investments accounted for using the equity method	20,000,000	Jaho Life Plus+ Management Corp., Ltd.	$ 200,000
YJ International Corporation	Investments accounted for using the equity method	42,000,000	YJ International Corporation	420,000
				$ 620,000

h. Sublease arrangements

Sublease arrangements under finance lease

The Company (as lessor) subleases its right-of-use assets on the wharf and the facilities in the Port of Taipei to its associate - Chia Pei International Corporation with a lease term of 35 years and 5 months, and the net investment in the leases was $1,358,230 thousand at the inception of the lease. For the year ended December 31, 2019, no impairment loss was recognized on finance lease receivable from related parties.

Line Item	Related Party Category/Name	December 31 2019	2018
Finance lease receivable	Subsidiaries		
	Chia Pei International Corporation	$ 1,332,208	$ -

Interest income was as follows:

Related Party Category/Name	For the Year Ended December 31 2019	2018
Subsidiaries		
Chia Pei International Corporation	$ 21,090	$ -

i. Other related party transactions

1) Income and expenses

Line Item	Related Party Category	For the Year Ended December 31 2019	2018
Lease expense	Subsidiaries	$ 7,025	$ 6,860
Operating expense - miscellaneous	Subsidiaries	$ 1,654	$ -
The remuneration of directors and supervisors (other revenue)	Subsidiaries	$ 8,644	$ 5,873
	The Company acts as a member of the BOD	16,441	3,900
	Associates	459	-
		$ 25,544	$ 9,773

The Company as lessee leased office from its subsidiaries; the lease agreements were negotiated by both sides of the parties. The lease payment is due monthly.

The Company acts as a member of the BOD of the subsidiaries and the associates. The remuneration of directors and supervisors is certified and distributed by the BOD in the next year under the Articles of Incorporation of the subsidiaries and associates.

2) Dividends

Line Item	Related Party Category/Name	For the Year Ended December 31 2019	2018
Dividends	Subsidiaries	$ 574,731	$ 256,661
Dividends (the credit item of investments accounted for using the equity method)	Associates	$ 31,459	$ -
Dividends	The Company acts as a member of the BOD	$ 640,828	$ 404,157

j. Endorsements and guarantees

Endorsements and guarantees provided by the Company

	December 31 2019		2018	
	Amount Utilized	Amount Endorsed	Amount Utilized	Amount Endorsed
Subsidiaries				
Chia Hsin Property Management & Development Corporation	$ 500,000	$ 1,480,000	$ 605,000	$ 2,230,000
CHC Ryukyu Development GK	138,000	425,040	166,920	1,569,048
CHC Ryukyu COLLECTIVE KK	496,800	1,380,000	-	-
Associates				
LDC ROME HOTELS S.R.L.	382,926	447,600	422,400	447,600
	$ 1,517,726	$ 3,732,640	$ 1,194,320	$ 4,246,648

Endorsements and guarantees given by related parties

	December 31 2019		2018	
	Amount Utilized	Amount Endorsed	Amount Utilized	Amount Endorsed
Subsidiaries				
Chia Hsin Property Management & Development Corporation	$ 4,829,000	$ 6,544,000	$ 4,555,400	$ 7,244,000

Service fee on the endorsements and guarantees between the Company and subsidiaries

Endorsements and guarantees provided by the Company (other income):

	For the Year Ended December 31	
	2019	2018
Subsidiaries		
Chia Hsin Property Management & Development Corporation	$ 2,709	$ 1,914

Endorsements and guarantees provided by related parties (other gains and losses):

	For the Year Ended December 31	
	2019	2018
Subsidiaries		
Chia Hsin Property Management & Development Corporation	$ 23,053	$ 22,599

The Company signed medium-term guaranteed loan contracts with First Bank, Cathay World Commercial Bank, Bank SinoPac, China Trust Commercial Bank and Co-operative Treasury Commercial. The loans are secured by the land and the buildings of subsidiaries.

k. Compensation of key management personnel

The compensation of key management personnel are as follows:

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 25,792	$ 20,856
Post-employment benefits	10,621	-
	$ 36,413	$ 20,856

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2019	2018
Other financial assets - non-current	$ 11,320	$ 11,320

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Significant commitments

As of December 31, 2019 and 2018, bank guarantees issued in favor of the Company for operating the ports amounted to $153,034 thousand and $162,997 thousand.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 25, 2020, the Company's board of directors approved a buy-back of shares. From March 26, 2020 to May 25, 2020, the Company will repurchase 7,000 thousand shares, at the price from $11 to $16 per share. The repurchase shall be continued if the price drops beyond the lowest limit as mentioned.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
Financial assets			
Monetary items			
USD	$ 32,735	29.98 (USD:NTD)	$ 981,408
HKD	6,757	3.8483 (HKD:NTD)	26,004
EUR	6,547	33.59 (EUR:NTD)	219,901
JPY	9,473	0.276 (JPY:NTD)	2,615
Non-monetary items			
Investments accounted for using the equity method			
EUR	11,630	33.59 (EUR:NTD)	390,640
USD	71,845	29.98 (USD:NTD)	2,153,905
Financial assets at FVTPL			
USD	10,558	29.98 (USD:NTD)	316,504
HKD	26,355	3.8483 (HKD:NTD)	101,423

December 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
Financial assets			
Monetary items			
USD	$ 26,753	30.715 (USD:NTD)	$ 821,731
HKD	94	3.9216 (HKD:NTD)	370
EUR	6,497	35.2 (EUR:NTD)	228,688
JPY	2,077,384	0.2782 (JPY:NTD)	577,928
Non-monetary items			
Investments accounted for using the equity method			
EUR	12,023	35.2 (EUR:NTD)	423,215
USD	57,957	30.715 (USD:NTD)	1,780,163
Financial assets at FVTPL			
USD	8,545	30.715 (USD:NTD)	262,468
HKD	29,108	3.9216 (HKD:NTD)	114,149

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2019		2018	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.912 (USD:NTD)	$ (26,436)	30.149 (USD:NTD)	$ 28,741
HKD	3.9451 (HKD:NTD)	(291)	3.8467 (HKD:NTD)	2,143
EUR	34.61 (EUR:NTD)	(10,507)	35.61 (EUR:NTD)	(4,370)
JPY	0.2837 (JPY:NTD)	(1,051)	0.273 (JPY:NTD)	31,148
		$ (38,285)		$ 57,662

37. OTHERS

a. Important contracts

The Company 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 the 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 Company 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 Company 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 2013, filed a petition with the court in regards to the management fees for eastern sand stone. Taiwan Keelung District Court ruled in favor of the Company 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 Company’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.

b. The Company entered into a contract with CHC Resources Corporation on December 1, 2014 to jointly operate the storage and transport of slag powder and its related products at the Port of Taipei. The contract term is valid until May 10, 2045. Upon expiration of the contract, CHC Resources Corporation will be given priority to negotiate a new contract under the premise that the Company extends its contract with the Harbor Bureau. CHC Resources Corporation pays various fees to the Company in accordance with the contract. Unless otherwise specified in the contract, in the event that any party cannot perform its contractual obligations (e.g. due to a financial crisis, changes in market supply and demand, or other unforeseeable circumstances), the contract may be terminated in advance with the consent of the other party.

c. In order to satisfy the demand for cement in the northern part of Taiwan, the Company leased from Taiwan International Ports Co., Ltd. the land measuring 5,900.35 square meters at the west of Wharf No. 33 of the Port of Keelung. The Company committed to build silos, loading and unloading equipment at 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 Company 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 Company 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 Company has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Company should pay the land use and administrative fees monthly, which will be adjusted according to the adjustment of loading fee in the port.

d. For the Company’s business strategy, the Company entered a name-borrowing contract with its wholly-owned subsidiary Bluesky. Co., Ltd. (hereinafter referred to as “Bluesky”), so the Company may purchase real estate registered under the name of Bluesky. The Company retains the right to manage, use and dispose of the real estate, and Bluesky may not transfer the ownership to third party or create an encumbrance on the real estate without prior written consent from the Company. The original ownership certificate, transfer registration documents, and seal used for registration shall be under the custody of the Company or a person designated by the Company. Bluesky shall handle, manage, use or dispose the real estate in accordance with the instructions of the Company. Any income from the use and/or disposal of the real estate shall belong to the Company. The Company may request to return or transfer part of or the entire ownership of the real estate to the Company or third party designated by the Company at anytime. Bluesky guarantees that no third party (including but not limited to the creditors of Bluesky) will petition to seize, hold or claim any other rights over the real estate. In the event a third party petitions to seize, hold or claim any other rights over the real estate, Bluesky shall prevent the third party from exercising or claiming the said rights, and protect the Company from sustaining any damages. Bluesky shall be fully liable for any damages the Company sustains, including but not limited to loss and damage due to being unable to return or transfer ownership of the real estate to the Company or a third party designated by the Company, and reasonable attorney’s fees.

38. 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 (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 5)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (Table 6)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 7)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 8)

9) Trading in derivative instruments (None)

10) Information on investees (Table 9)

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 10)

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

CHIA HSIN CEMENT CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No. (Note 1)	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	$ 149,600	$ 115,885	$ 115,885	1.5 (Note 4)	Short-term financing	$ -	The need for financing operating capital	$ -	-	-	$ 3,422,016 (15% of net value)	$ 9,125,377 (40% of net value)	
1	Chia Hsin Business Consulting (Shanghai) Co., Ltd. (Note 2)	Jiangsu Union Cement Co., Ltd.	Other receivables from related parties	Yes	134,485	-	-	6.525 (Note 5)	Short-term financing	-	The need for financing operating capital	-	-	-	229,672 (15% of net value)	229,672 (40% of net value)	

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 total amount of loans provided by the company shall not exceed 40% of the net worth of the company (lending company). The amount of short-term financing provided by the company to the related parties shall not exceed 40% of the net worth of the company (lending company). The amount of short-term financing provided by the company to each borrower company shall not exceed 40% of the net worth of the company (lending company).

Note 3: 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 December 31, 2019.

Note 4: Total interest in the period is $1,946 thousand.

Note 5: Total interest in the period is $1,492 thousand.

CHIA HSIN CEMENT CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 (Note 2)	Chia Hsin Property Management & Development Corporation	b.	$ 7,747,805 (Paid-in capital)	$ 2,360,000	$ 1,480,000	$ 500,000	$ -	6.49%	$ 22,813,442	Yes	No	No
		LDC ROME HOTELS S.R.L.	f.	7,747,805 (Paid-in capital)	447,600	447,600	382,926	-	1.96%	22,813,442	No	No	No
		CHC Ryukyu Development GK	b.	7,747,805 (Paid-in capital)	1,569,048	425,040	138,000	-	1.86%	22,813,442	Yes	No	No
		CHC Ryukyu COLLECTIVE KK	b.	7,747,805 (Paid-in capital)	1,380,000	1,380,000	496,800	-	6.05%	22,813,442	Yes	No	No
1	Chia Hsin Property Management & Development Corporation (Note 3)	Chia Hsin Cement Corporation	c.	22,813,442	7,244,000	6,544,000	4,829,000	6,540,000	28.68%	22,813,442	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 amount of guarantees 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:

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

CHIA HSIN CEMENT CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(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	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Hsin Cement Corporation	Stock							
	Taiwan Cement Corporation	The Company acts as a member of the BOD	Financial assets at FVTPL - current	7,371,606	$ 322,139	0.13	$ 322,139	
	Asia Cement Corporation		Financial assets at FVTPL - current	71	3	0.00	3	
	China Chemical & Pharmaceutical Co., Ltd.		Financial assets at FVTPL - current	20,000	385	0.01	385	
	Foreign stock							
	Anhui Conch Cement Co., Ltd.		Financial assets at FVTPL - current	464,000	101,423	0.01	101,423	
	Foreign fund							
	HAITONG FREEDOM MULTI-TRANCHE BOND FUND - P1A (SERIES 27)		Financial assets at FVTPL - current	9,594	32,404	-	32,404	
	GREENWOODS GOLDEN CHINA FUND - UNRESTRICTED CLASS A (0518)		Financial assets at FVTPL - current	3,342	33,082	-	33,082	
	GOPHER ASIA HOLD-TO-MATURITY HIGH YIELD BOND FUND - CLASS B (SERIES 10)		Financial assets at FVTPL - current	5,000	15,203	-	15,203	
	GOPHER ASIA HOLD-TO-MATURITY HIGH YIELD BOND FUND - CLASS C (SERIES 15)		Financial assets at FVTPL - current	55,000	170,678	-	170,678	
	JPMorgan Funds - Emerging Markets Small Cap Fund - JPM Emerging Markets Small Cap A (perf) (acc) - USD		Financial assets at FVTPL - current	17,022	8,517	-	8,517	
	JPMorgan Funds - Emerging Markets Local Currency Debt Fund - JPM Emerging Markets Local Currency Debt A (acc) - USD		Financial assets at FVTPL - current	77,882	40,907	-	40,907	
	JPMorgan Funds - China Fund - JPM China A (acc) - USD		Financial assets at FVTPL - current	10,992	15,713	-	15,713	
	Stock							
	Taiwan Cement Corporation	The Company acts as a member of the BOD	Financial assets at FVTOCI - current	24,190,846	1,057,140	0.43	1,057,140	
	CHC Resources Corporation		Financial assets at FVTOCI - current	4,285,694	215,570	1.72	215,570	
	Chien Kuo Construction Co., Ltd.		Financial assets at FVTOCI - current	771,256	8,291	0.29	8,291	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Stock							
	Taiwan Cement Corporation	The Company acts as a member of the BOD	Financial assets at FVTOCI - non-current	175,919,516	$ 7,687,683	3.10	$ 7,687,683	
	Stock							
	Pan Asian (Engineers & Constructors) Corporation		Financial assets at FVTOCI - non-current	2,718,217	17,016	2.38	17,016	
	Chia Hsin Ready-Mixed Concrete Corporation		Financial assets at FVTOCI - non-current	12,718,440	310,075	13.71	310,075	
	Overseas Investment & Development Corp.		Financial assets at FVTOCI - non-current	2,000,000	18,420	2.22	18,420	
	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	-	
Tong Yang Chia Hsin International Corporation	Stock							
	Fubon Financial Holding Co.		Financial assets at FVTPL - current	3,919,849	181,880	0.03	181,880	
	Taiwan Cement Corporation	The Company acts as a member of the BOD	Financial assets at FVTPL - current	15,214,293	664,865	0.27	664,865	
	Foreign fund							
	HAITONG FREEDOM MULTI-TRANCHE BOND FUND - P1A (SERIES 27)		Financial assets at FVTPL - current	9,594	32,404	-	32,404	
	Stock							
	Taiwan Cement Corporation	The Company acts as a member of the BOD	Financial assets at FVTOCI - current	30,911,113	1,350,816	0.54	1,350,816	
	Chia Hsin Cement Corporation	Parent company	Financial assets at FVTOCI - non-current	127,370,320	2,846,727	16.44	2,846,727	
	Taiwan Cement Corporation	The Company acts as a member of the BOD	Financial assets at FVTOCI - non-current	57,372,867	2,507,194	1.01	2,507,194	
	IBT Second Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	725,493	5,270	2.30	5,270	
	Kaohsiung Tug and Port Service Corp.		Financial assets at FVTOCI - non-current	350,000	2,520	0.88	2,520	

Note: For the information about subsidiaries, associates and joint ventures, refer to Table 9 and Table 10.

(Concluded)

CHIA HSIN CEMENT CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments		Ending Balance		Note
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount	Shares	Amount	
Chia Hsin Cement Corporation	YJ International Corporation	Investment accounted for using equity method	None	Subsidiaries	90,000,000	$ 858,841	138,000,000	$ 1,380,000	-	$ -	$ -	$ -	-	$ (231,370)	228,000,000	$ 2,007,471	Note 1
YJ International Corporation	CHC Ryukyu Development GK	Investment accounted for using equity method	None	Second-tier subsidiaries	-	823,517	-	672,480	-	-	-	-	-	(1,325,062)	-	170,935	Notes 1 and 2
	CHC Ryukyu COLLECTIVE KK	Investment accounted for using equity method	None	Second-tier subsidiaries	-	-	-	689,544	-	-	-	-	-	1,098,892	-	1,788,436	Note 1
Chia Hsin Cement Corporation	Taiwan Stock Exchange Corporation	Non-current financial assets at FVTOCI	King’s Town Bank	None	3,468,052	262,289	-	-	3,468,052	270,423	270,423	-	-	8,133	-	-	Notes 3 and 4
Tong Yang Chia Hsin International Corporation	Taiwan Stock Exchange Corporation	Non-current financial assets at FVTOCI	King’s Town Bank	None	573,178	43,349	-	-	573,178	44,694	44,694	-	-	1,345	-	-	Notes 3 and 5

Note 1: The ending balance includes gain/(loss) recognized by using equity method and the relevant equity adjustments.

Note 2: On July 1, 2019, CHC Ryukyu Development GK underwent a spin-off process and established a new company, CHC Ryukyu COLLECTIVE KK, under the resolution of the board of directors on May 16, 2019.

Note 3: The revaluation of financial assets at FVTOCI.

Note 4: The transaction has been completed on July 5, 2019. The unrealized gain/(loss) on financial assets at FVTOCI of $269,823 thousand has been reclassified to the retained earnings.

Note 5: The transaction has been completed on July 5, 2019. The unrealized gain/(loss) on financial assets at FVTOCI of $26,346 thousand has been reclassified to the retained earnings.

<u>**TABLE 5**</u>

CHIA HSIN CEMENT CORPORATION

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, or in Thousands of Foreign Currencies)

Buyer (Note 1)	Property	Event Date (Note 2)	Transaction Amount (Note 3)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference (Note 4)	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
CHC Ryukyu COLLECTIVE KK	Buildings	October 20, 2017	JPY13,546,591	In line with the construction progress	Kumagai Gumi Co., Ltd., Kyushu Branch	None	None	None	None	$ -	Not applicable	For operating purpose	None

Note 1: CHC Ryukyu Development GK, CHC Ryukyu COLLECTIVE KK and Kumagai Gumi Co., Ltd., Kyushu Branch, signed contract of status on July 1, 2019. The full rights and obligations of the construction were thereafter transferred from CHC Ryukyu Development GK to CHC Ryukyu COLLECTIVE KK.

Note 2: Means the date when the contract was signed.

Note 3: The contractual total amount is JPY13,546,591 thousand, the construction has been completed and recorded under account property, plant and equipment - building.

Note 4: The construction was on the freehold land. A valuation report is not required.

CHIA HSIN CEMENT CORPORATION

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, or in Thousands of Foreign Currencies)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Jiangsu Union Cement Co., Ltd.	Right-of-use assets and buildings	May 9, 2018 (Note 1)	March 1997	NT$ 421,370 (RMB 98,051)	NT$ 983,261 (RMB 228,800)	(Note 3)	$ 586,037 (RMB 130,749)	Zhenjiang City Construction Industry Group Co., Ltd.	Unrelated party	Disposal of property for liquidation	(Note 6)	None
Shanghai Jia Huan Concrete Co., Ltd.	Right-of-use assets and buildings	July 12, 2018 (Note 2)	August 1996	NT$ 42,536 (RMB 9,898)	NT$ 453,082 (RMB 105,430)	(Note 4)	- (Note 5)	Shanghai Xuhui Land Reserve Center and Shanghai Xuhui Waterfront Development Investment Construction Co., Ltd.	Unrelated party	Government land reserve	(Note 7)	None

Note 1: Means the date the resolution was approved by the BOD of the parent company.

Note 2: Means the date the resolution was approved by the subsidiary's BOD and shareholders in their meetings.

Note 3: As of December 31, 2019, the price RMB228,800 thousand has been received.

Note 4: As of December 31, 2019, the price RMB105,430 thousand has been received.

Note 5: 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.

Note 6: Decided after referring to real estate appraisal report from Jiangsu Zhengxin Assets Evaluation Firm Co., Ltd. and Prudential Cross-Strait Real Estate Appraisers Firm and to the result of price negotiation between the two parties.

Note 7: 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 8: The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2019: RMB1=NT$4.297468. The income items denominated in foreign currencies are translated using the average exchange rate of 2019: RMB1=NT$4.482145.

CHIA HSIN CEMENT CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes Receivable (Payable)/Trade Receivables (Payables)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Chia Hsin Cement Corporation	Taiwan Cement Corporation	The Company acts as a member of the BOD	Purchases	$ 484,963	49	60 days from the purchase day	N/A (equal to the price for other clients)	N/A (same as the term for other clients)	$ (83,580)	(45)	
	Chia Pei International Corporation	Subsidiary	Warehousing and storage revenue	(130,567)	(10)	Billed monthly and paid quarterly with receipt issued in the same month	N/A (equal to the price for other clients)	N/A (same as the term for other clients)	-	-	
Chia Pei International Corporation	Chia Hsin Cement Corporation	Parent company	Service cost	130,567	11	Billed monthly and paid quarterly with receipt issued in the same month	N/A (equal to the price for other clients)	N/A (same as the term for other clients)		-	

TABLE 8

CHIA HSIN CEMENT CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Chia Hsin Cement Corporation	LDC ROME HOTELS S.R.L.	Investment accounted for using equity method	$ 117,053 (Note 1)	-	$ -	-	$	$ -
	Chia Pei International Corporation	Investment accounted for using equity method	1,332,208 (Note 2)	-	-	-		-

Note 1: The other receivables consist of principal and interest of loans to related party.

Note 2: The other receivables consist of finance lease receivable from the sublease of the wharf in the Port of Taipei.

TABLE 9

CHIA HSIN CEMENT CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income/(Loss) of the Investee	Share of Profit/(Loss) of Investee	Remark
				December 31, 2019	December 31, 2018	Number of Shares (Thousands of Shares)	%	Carrying Amount			
Chia Hsin Cement Corporation	Chia Hsin Construction & Development Corp.	11F, No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Office buildings construction and lease and sale of public housings	$ 656,292	$ 698,183	$ 31,458,920	43.87	$ 1,783,114	$ 155,267	$ 70,091	(Notes 3 and 4)
	Tong Yang Chia Hsin International Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	General international trade	1,600,159	1,600,159	257,073,050	87.18	6,432,832	740,450	645,524	Subsidiary
	Chia Hsin Property Management & Development Corporation	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	1,000,000	1,000,000	100,000,000	100.00	3,764,936	109,229	109,229	Subsidiary
	Chia Pei International Corporation	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	142,153	(75,289)	(75,289)	Subsidiary
	BlueSky Co., Ltd.	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	84,177	850	850	Subsidiary
	Chia Hsin Pacific Limited	Cayman Islands	Holding company	969,104	969,104	19,186,070	74.16	2,153,905	610,354	452,602	Subsidiary
	YJ International Corporation	11F, No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Real estate rental and leasing; real estate management; realtor agent	2,280,000	900,000	228,000,000	100.00	2,007,471	(210,718)	(210,718)	Subsidiary
	Jaho Life Plus+ Management Corp., Ltd.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Management consulting service	300,000	300,000	30,000,000	100.00	212,161	(40,727)	(40,727)	Subsidiary
	LDC ROME HOTELS S.R.L.	Rome, Italy	Hotel management	NT$ 537,574 (EUR 16,004,000)	NT$ 537,574 (EUR 16,004,000)	-	40.00	390,640	(34,051)	(13,619)	(Note 3)
	Chia Huan Tung Cement 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	25,928	(9,154)	(1,894)	
	International Chia Hsin Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; general investment	69,341	69,341	5,800,000	19.33	113,579	21,623	4,180	
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	239,359	(89)	(89)	Second-tier subsidiary
YJ International Corporation	CHC Ryukyu Development GK	26 Tokashiki, Aza, Tomigusuku-shi, Okinawa, Japan	Real estate rental and leasing; management consulting service	NT$ 270,363 (JPY 979,575,335)	NT$ 869,400 (JPY 3,150,000,000)	-	100.00	170,935	(48,344)	(48,344)	Second-tier subsidiary
	CHC Ryukyu COLLECTIVE KK	2 Chome-1-12 Matsuyama, Naha, Okinawa, Japan	Hotel management	NT$ 1,937,637 (JPY 7,020,424,665)	-	-	100.00	1,788,436	(153,364)	(153,364)	Second-tier subsidiary (Note 5)
Chia Hsin Pacific Limited	Yonica Pte Ltd	Singapore	Investment and holding company	NT$ 1,995,206 (US$ 66,551,243)	NT$ 1,995,206 (US$ 66,551,243)	104,908,690	100.00	NT$ 790,764 (US$ 26,376,383)	NT$ 455,229 (US$ 14,726,618)	NT$ 455,229 (US$ 14,726,618)	Second-tier subsidiary
	Effervesce Investment Pte. Ltd.	Singapore	Investment and holding company	NT$ 931,738 (US$ 31,078,656)	NT$ 931,738 (US$ 31,078,656)	53,274,892	100.00	NT$ 1,234,241 (US$ 41,168,815)	NT$ 137,554 (US$ 4,449,865)	NT$ 137,554 (US$ 4,449,865)	Second-tier subsidiary
	Sparksview Pte. Ltd.	Singapore	Investment and holding company	NT$ 86,112 (US$ 2,872,328)	NT$ 86,112 (US$ 2,872,328)	3,763,350	100.00	NT$ 87,134 (US$ 2,906,391)	NT$ 2,235 (US$ 72,287)	NT$ 2,235 (US$ 72,287)	Second-tier subsidiary
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	135,234	21,623	4,364	
	Tong Yang Chia Hsin Marine Corp.	Panama	Shipping service	NT$ 80,946 (US$ 2,700,000)	NT$ 80,946 (US$ 2,700,000)	2,700	100.00	427,221	7,119	7,119	Second-tier subsidiary
	Chia Hsin Pacific Limited	Cayman Islands	Holding company	626,119	626,119	6,257,179	24.18	702,456	610,354	147,609	Subsidiary

Note 1: For information on investments in mainland China, refer to Table 10.

Note 2: The balance sheet items denominated in foreign currencies are translated into NT$ using the exchange rate as of December 31, 2019: US$1=NT$29.98, JPY1=NT$0.276, EUR1=NT$33.59; net income items denominated in foreign currencies are translated using the average exchange rate of 2019: US$1=NT$30.912, JPY1=NT$0.2837, EUR1=NT$34.61.

Note 3: Important associates

Note 4: The Company disposed of part of the stakes and lost control over Chia Hsin Construction & Development Corp. since March, 2019. Nonetheless, the Company still has significant influence over Chia Hsin Construction & Development Corp., Therefore, the Company still categorizes the rest of the investment to Chia Hsin Construction & Development Corp. as the important associate accounted for using equity method.

Note 5: On July 1, 2019, CHC Ryukyu Development GK underwent a spin-off and established a new company, CHC Ryukyu COLLECTIVE KK, according to the resolution of the BOD on May 16, 2019.

CHIA HSIN CEMENT CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019 (Note 1 (a.))	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 1 (a.))	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 (a.))	Carrying Amount as of December 31, 2019 (Note 1 (a.))	Accumulated Repatriation of Investment Income as of December 31, 2019	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	$ 253,631 (US$ 8,460)	b.	$ 381,406 (US$ 12,722)	$ - (US$ -)	$ - (US$ -)	$ 381,406 (US$ 12,722)	95.23	$ 9,040 (US$ 292)	$ 244,513 (US$ 8,156)	$ - (US$ -)	Note 1 (b.) (2)
Shanghai Chia Hsin Ganghui Co., Ltd.	Warehousing and packing bulk cement and formulating and delivering high-strength cement	314,790 (US$ 10,500)	b.	481,659 (US$ 16,066)	- (US$ -)	- (US$ -)	481,659 (US$ 16,066)	95.23	6,209 (US$ 201)	437,315 (US$ 14,587)	- (US$ -)	Note 1 (b.) (2)
Jiangsu Union Cement Co., Ltd.	Processing, manufacturing and selling of cement	1,738,840 (US$ 58,000)	c.	2,069,310 (US$ 69,023)	- (US$ -)	- (US$ -)	2,069,310 (US$ 69,023)	95.23	588,578 (US$ 19,040)	604,435 (US$ 20,161)	- (US$ -)	Note 1 (b.) (2)
Shanghai Chang Hsin Shipping Co., Ltd.	Delivering cement	149,900 (US$ 5,000)	b.	91,889 (US$ 3,065)	- (US$ -)	- (US$ -)	91,889 (US$ 3,065)	38.09	(376) (US$ -12)	36,879 (US$ 1,230)	- (US$ -)	Note 1 (b.) (2) and Note 5
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Consulting for developing information system for business and finance purpose	518,954 (US$ 17,310)	b.	794,380 (US$ 26,497)	- (US$ -)	- (US$ -)	794,830 (US$ 26,497)	95.23	(9,248) (US$ -299)	574,181 (US$ 19,152)	- (US$ -)	Note 1 (b.) (2)
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Consulting for management of healthcare and hotel business	107,437 (RMB 25,000)	f. Investor: Chia Hsin Business Consulting (Shanghai) Co., Ltd.	- (US$ -)	- (US$ -)	- (US$ -)	- (US$ -)	66.66	(14,972) (US$ -484)	55,547 (US$ 1,853)	- (US$ -)	Note 1 (b.) (2)
Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd.	Providing healthcare service to mothers in pregnancy, parturition and postpartum period	42,975 (RMB 10,000)	f. Investor: Chia Hsin Business Consulting (Shanghai) Co., Ltd.	- (US$ -)	- (US$ -)	- (US$ -)	- (US$ -)	66.66	(15,279) (US$ -494)	28,326 (US$ 945)	- (US$ -)	Note 1 (b.) (2)
Jiangsu Union Mining Industry Ltd.	Processing, manufacturing and delivering of limestone and other related products	343,368 (RMB 79,900)	c.	149,001 (US$ 4,970)	- (US$ -)	- (US$ -)	149,001 (US$ 4,970)	47.62	1,471 (US$ 48)	164,294 (US$ 5,480)	- (US$ -)	Note 1 (b.) (2) and Note 6
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	395,736 (US$ 13,200)	d.	415,133 (US$ 13,847)	- (US$ -)	- (US$ -)	415,133 (US$ 13,847)	87.18	6,965 (US$ 225)	420,366 (US$ 14,022)	- (US$ -)	Note 1 (b.) (2)
Jiangsu Jiaxin Property Limited Company	Developing and selling real estate and providing property management service	85,949 (RMB 20,000)	f. Investor: Jiangsu Jiaguo Construction Material Storage Co., Ltd.	- (US$ -)	- (US$ -)	- (US$ -)	- (US$ -)	87.18	(428) (US$ -14)	86,447 (US$ 2,883)	- (US$ -)	Note 1 (b.) (2)

(Continued)

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

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2019	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 6,885,447 (US$ 229,668)	$ 6,959,078 (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, except for those in Table 1.

Note 1: a. The balance sheet items denominated in foreign currencies are translated into NT$ using the exchange rate as of December 31, 2019: US$1=NT$29.98, RMB1=NT$4.297468; net income items denominated in foreign currencies are translated using the average exchange rate of 2019: US$1=NT$30.912, RMB1=$4.482145.

b. The basis for investment income (loss) recognition includes the following:

1) The investment income (loss) is recognized based on the financial statements audited 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 audited 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 Tong Yang Chia Hsin Marine Corp., which then invests in mainland China.

e. Other method.

Note 3: Pursuant to the Jing-Shou-Gong Letter No. 10520404590 issued by the Industrial Development Bureau, the Company has obtained the certificate of being qualified as the operating headquarters; thus, the ceiling amount or ratio of 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 investment in associate accounted for using equity method.

Note 6: The joint venture investment accounted for using equity method.

(Concluded)