Stock Code: 1103

CHIA HSIN CEMENT CORPORATION

2019 ANNUAL REPORT

CHC
嘉新企業團
CHIA HSIN CEMENT GROUP

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Chia Hsin Cement Corporation
www.chcgroup.com.tw

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1. Letter to Shareholders

Dear Shareholders,

Taiwan was affected by the U.S./China Trade war in 2019. Since then, global economic demand has weakened and economic growth continues to decline. However, as of the second quarter, Taiwan's economy has witnessed gradual rebound due to the focus of business investment benefited from conversion orders transacted in Taiwan.

The economic indicator has begun to transpire in the last quarter of 2019 from yellow/blue signal to green signal at the beginning of 2020. Unfortunately, the pandemic virus of the COVID-19 witnessed in the beginning of this year, is creating uncertainties in the future economic development and consumption. As such, the Company is paying close attention to the possible impact of the current pandemic and is well prepared in financial security, epidemic prevention, supply chain and business management.

The interim impact to the economy is inevitable, especially in consumers industries such as hospitality and tourism, but this will not deter nor interrupt the Company's transformation in the long run. If we closely examine the diversified structure of the Company since its transformation, notable performance is gradually emerging. The Company is committed to the development of the hospitality sector and has set new milestone at the beginning of this year, laying the foundation for future hospitality development projects.

Hotel Collective is an international hotel in Okinawa, Naha city, which was completed at the end of last year; the Hotel will officially open after the COVID-19 pandemic slows down. Situated at the hottest tourist spot in Naha downtown and a short distance from Naha International Airport, the Hotel caters to all market segments with complete banquet facilities and an authentic Chinese restaurant. The Company is optimistic that the travel industry will continue to grow in Okinawa, where Hotel Collective is positioned to be in a unique advantage against its competition.

In terms of the Company's second hotel investment in Okinawa's Toyosaki city, the Company's subsidiary, CHC Ryukyu Development GK has entered into a Hotel Management Agreement with the Japanese subsidiary of InterContinental Hotels Group (IHG) on August 17, 2019.

The luxury five-star InterContinental Okinawa Chura SUN Resort is expected to open in the second half of 2023. The iconic two-piece property, Hotel Wing and Villa Wing, is being designed by the well-known international master architect Mr. Kengo Kuma and his team. Some highlights of the hotel include the natural salt hot springs that offer "onsen" facilities for guests' relaxation in both Hotel and Villa and the infinity seascape view from the chapel located on the top floor of the Villa. We expect to attract high end travelers and host many exquisite wedding functions.

The subsidiary JAHO Life Plus and Management Corp. has completed the renovation of its second Dunhua Gemcare postpartum care center and obtained use permit in March 2020. Both centers have implemented an international wellness concept of living environment to create a high standard of health care governance. It is expected that this year's "Gemcare" will become the first postpartum care center to obtain the "WELL" certification.

In addition to the vigorous development of tapping on the hospitality industry, the Company's strategic investment in the Taiwan Cement Corporation (TCC) continues to yield good results in the Mainland China market. The Company's 2019 consolidated financial report included approximately NTD 960 million in profits generated from cash dividends from TCC. As TCC's core cement business is expanding internationally, domestic large-scale investment in green energy business should help its company continue to obtain stable investment returns.

In summary, giving the current global environment, the Company's future business outlook is cautiously optimistic.

The 2019 Combined Business Results of the Company and its Subsidiaries are as Follows:

1. Results of last year's business

The Company's consolidated operating revenue in 2019 was NTD 1,884,002,000, which was a decrease of NTD 208,404,000 or 9.96%, compared to NTD 2,092,406,000 in 2018. The consolidated net profit from continuing operations was NTD 818,510,000; the net profit from discontinued operations, Jiangsu Union Cement Co., Ltd., was NTD 590,161,000; the consolidated net profit for the year was NTD 1,408,671,000; the net profit attributable to owners of the Company was NTD 1,297,473,000; The Company's earnings per share (after tax) was NTD 2.02.

(1) Main production and sales distribution

1. Production and sales of cement and clinker: 467,000 metric tonnes of cement were sold in Taiwan last year.
2. Rental revenue: The main revenue comes from CHC Building, with a comprehensive leasing rate of 93.31%.
3. Service revenue: The Taipei Port loading and unloading business totaled 1.89 million metric tonnes of coal, and 1.924 million metric tonnes of gravel from eastern Taiwan and other bulk cargos.

(2) Budget execution

Unit: NTD thousands

Item	2019 Actual	2019 Budget (Note)	Achievement rate
Operating revenue	1,884,002	1,938,990	97%
Operating costs	1,685,405	1,735,596	97%
Gross profit	198,597	203,394	98%
Operating expenses	633,383	605,092	105%
(Loss) profit from operations	(434,786)	(401,698)	(108%)
Non-operating income and expenses	1,420,557	1,528,421	93%
Profit before income tax from continuing operations	985,771	1,126,723	87%
Income tax expense	(167,261)	(135,685)	(123%)
Net profit from continuing operations	818,510	991,038	83%
Net profit from discontinued operations	590,161	595,725	99%
Net profit for the year	1,408,671	1,586,763	89%
Net profit attributable to owners of the Company	1,297,473	1,484,127	87%

Note: The budget is for internal use only. Financial forecast is not disclosed.

(3) Profitability analysis (Note)

Item	2019	2018
Return on assets	4.27%	2.78%
Return on equity	6.32%	3.83%
Profit before income tax over paid-in capital	12.72%	5.52%
Net profit margin	74.77%	36.76%
Earnings per share (after tax)(NTD)	2.02	1.09

Note: The above calculations are based on consolidated financial statements prepared under IFRS.

(4) Explanation of major events

1. Jiangsu Union Cement Co., Ltd., a subsidiary of the Company, is in the process of liquidation. It completed the transfer of land use right and buildings (structures) to Zhenjiang Municipal Government in 2019 and received all compensation payments as of October of the same year. The disposal gain of approximately 131 million RMB was recognized in 2019. The liquidation tax clearance certificate has already been obtained and the industrial and commercial registration has been cancelled.
2. Land use right of Huajing Plant, Shanghai Jia Huan Concrete Co., Ltd., a subsidiary of the Company, was acquired by the Shanghai Municipal Government in 2018. The estimated disposal gain is about 70 million RMB which can be recognized after the transfer formalities are completed. Because of the land value-incremental tax exemption application for this transaction has not been approved so far, the transfer procedure has not been proceeded yet, and the disposal gain has not been recognized in 2019.

2. Impact of external environment changes and the Company's future development strategy

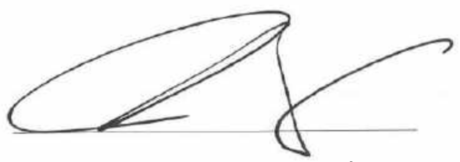
Due to the impact of the COVID-19 pandemic this year, domestic and foreign travel and hospitality business have been impacted. The Company will continue to pay close attention to the current pandemic situation and increase risks controls in order to minimize the impacts. However, this incident does not affect the Company's future development strategy. In the near future, the Company will continue to focus on the hospitality business, supplemented by asset development for dual track operations. This year, Hotel Collective and Dunhua Gemcare center will officially open. The stable development of new business operations will be the top priority this year. In terms of asset development, we will focus on the development of the InterContinental Okinawa Chura SUN Resort .

3. Summary of the business plan for the year

The Company estimates that the operating targets for cement sales, real estate leasing, and loading and unloading business in 2020 are relatively the same as 2019.

Hotel Collective in Naha, Okinawa, Japan, and Dunhua Gemcare center will begin to operate this year. At the initial stage of this year's operations, the focus will be on establishing management structure and strengthening of business strategies. We believe that under the leadership of the experienced management teams, the aforementioned new businesses will achieve outstanding results in 2020.

The Company's 2019 operating performances and future business plans are reported as above. As we start the operations of our new businesses, we look forward to your continuing support. Thank you all.



Jason K. L. Chang

Chairman

2. Company Profile

2.1 Date of Incorporation

The Company was incorporated in December 1954 with initial capital of NTD24 million, which was further increased to NTD 7,747,805,480 as the end of March 31, 2020.

2.2 Company History

(1) The first production line of the Company's Kangshan plant began its operation in 1954. By 1980, four production lines were completed with total capacity of 2.2 million metric tonnes. Due to the government's suspension of limestone excavation on the west coast since 1997, the plant's production cost increased substantially. In 2002, the Company decided to discontinue cement production in Taiwan and switched to outsourcing to ensure operation stability.

(2) Tong Yang Chia Hsin International Corporation, one of the Company's subsidiary, started construction of 45,000 metric tonnes capacity cement silos located at the Port of Taichung in 1990. The project was completed and commenced operation in October 1992 with annual turnover volume of 1.2 million metric tonnes.

(3) The Company had conducted cement market analysis for both Southeast Asian and China markets in 1992, after extremely thorough considerations, it decided to concentrate on PRC investments in order to explore the highly potential emergent markets. With the government's approval, the Company's PRC investments began in 1993 and subsequently, completed investments in cement manufacturing, warehousing, transportation, concrete, building materials, and general trading businesses.

(4) To facilitate the expansion of the Northern Taiwan cement market, the Company started the construction of 38,000 metric tonnes capacity cement silos located at the Port of Keelung in 1998, which was completed and commenced operation in August 1999 with annual turnover volume of 0.9 million metric tonnes.

(5) For the purposes of corporate re-engineering, increasing competitiveness and achieving professional collaboration, the Company had spun-off its real-estate management and development business ("Real-Estate Business"), which can be operated independently, into its 100% owned subsidiary, Chia Hsin Property Management & Development Corporation ("CHPMD"). All rights and obligations of the assets and liabilities of the Company's Real-Estate Business were assumed by CHPMD. According to the decision at the Company's Extraordinary Shareholders' Meeting on October 31, 2003, CHPMD issued equivalent value of common shares to exchange for the Real-Estate Business of the Company with net assets book value amounted to NTD 1,568,470 thousand, the date of the above spin-off was December 3, 2003. CHPMD was incorporated on December 15, 2003.

(6) For the development of its logistics business, on December 29, 2006, the Company leased the East Wharf 13, 14 and 15 of the Taipei Port First Bulk Cargo Center from Keelung Harbor Bureau ("KHB"). Meanwhile, the Company committed to construct East Wharf 16 and its related offices, warehouses and transportation equipment. The main operation is handling and storage of coal, gravel, and bulk material. The project construction was completed with successful test run in June and July 2009, respectively. The operation license was granted by the Taipei County Government on November 25, 2009. Full operation began on December 11, 2009 also approved by KHB. This above operation center is managed by the Company's subsidiary, Chia Pei International Corp.

(7) Early in 1993, the Company began to invest in cement manufacturing, storage and transportation in China. To expand the market, enhance the competitiveness, and become one of the large-scale cement groups with the most potential for development in Taiwan, Hong

Kong and China, the Company exchange its equity interest in Chia Hsin Cement Greater China Holding Corporation ("CHCGC", a subsidiary which is listed in Hong Kong Exchanges and Clearing Limited "HKECL") for the interest of TCC International Holdings Limited ("TCCIH", a subsidiary of Taiwan Cement Corporation ("TCC"), which is listed in the HKECL) in June 2007. By integrating the two manufacturing facilities, abundant resources and sales network, it was possible for TCCIH to be one of the leaders in the Yangtze River Delta Region and the Pearl River Delta Region. As a result of the above equity swap, CHCGC de-listed from HKECL and Chia Hsin Pacific Limited, ("CHPL"), a subsidiary of the Company, in turn held 28.87% interest in TCCIH.

TCCIH continued to expand its capacity by building new facilities and through mergers and acquisitions. TCCIH's regional scope of business covers Southern, Eastern, Southwest, and Northeast China, e.g. Guangdong, Guangxi, Jiangsu, Fujian, Guizhou, Sichuan, Chongqing, and Liaoning provinces, making it the largest cement manufacturer in South China.

In April 2017, TCC and its subsidiary TCC International Limited (hereinafter referred to as "TCCI") jointly proposed a public offer to privatize TCCIH through a "Scheme of Arrangement". The Company and its subsidiary CHPL, according to selectable options for privatized shareholders, chose to exchange shares held in TCCIH for the newly-issued ordinary shares of TCC. The share exchange process was completed in November 2017, and the Company and CHPL obtained 3,708,290 and 201,536,685 newly issued ordinary shares of TCC, respectively.

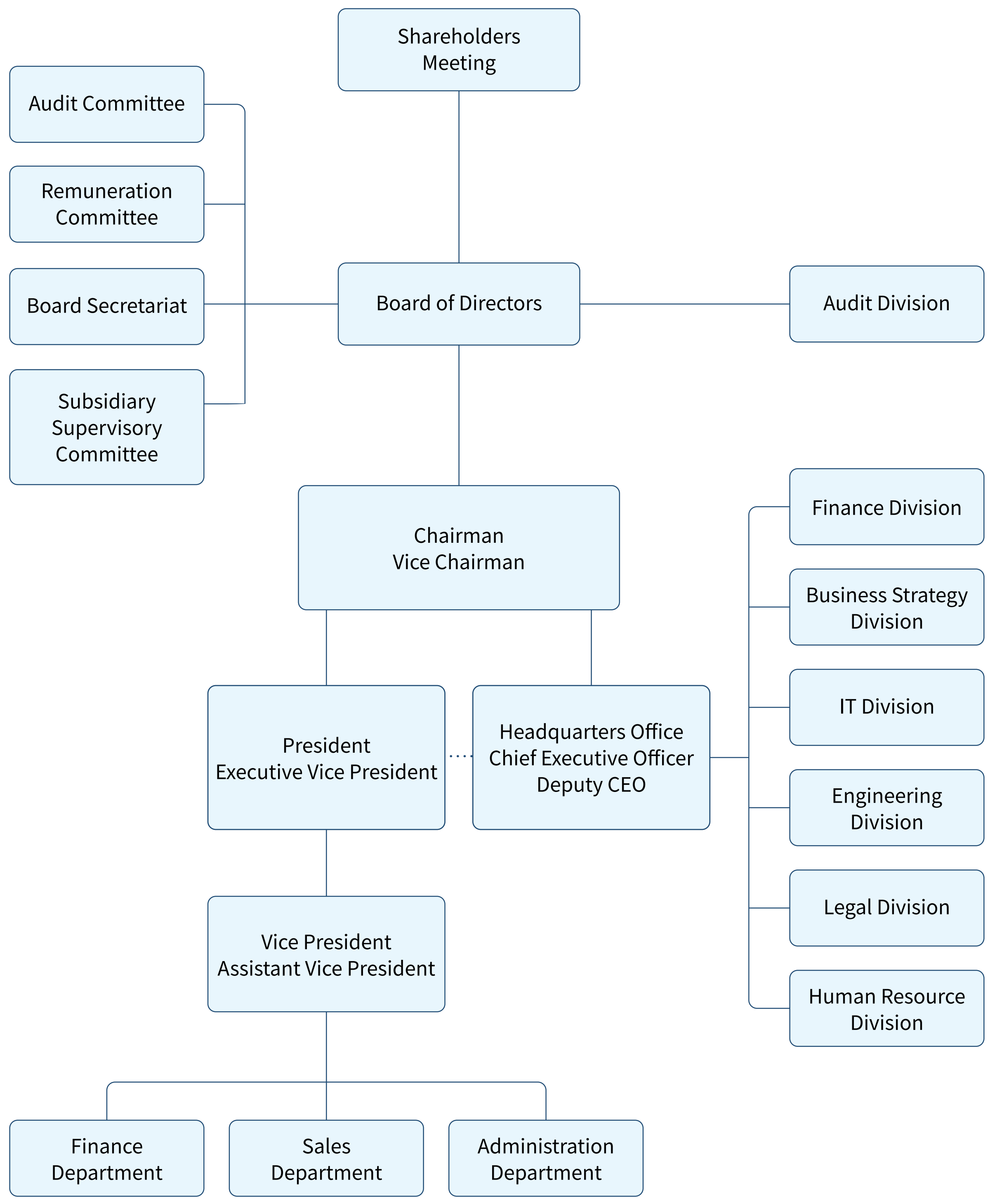
Considering the continuing investment strategy in the cement industry, simplifying the investment structure, and enhancing investment management, CHPL distributed all its TCC Shares from its profits and share premium account to its shareholders based on their percentage of shareholdings. After completion of the distribution, the Company and its subsidiary, Tong Yang Chia Hsin International Corp. together held approximately 258 million shares of TCC as of March 2018.

(8) Since 2015, the Company focused on assets revitalization, investment, and development. The current focus is on the hospitality service business. Among them, "A.Roma" hotel in Rome, Italy was opened for operation in October 2015; the construction of Hotel Collective on Kokusai Dori, Naha, Okinawa, Japan was completed in October 2019 and the soft opening began in January 2020; the planning and design contract was signed with Kengo Kuma & Associates ("KKAA") in May 2018 for the development of InterContinental Okinawa Chura SUN Resort at Toyosaki, Okinawa, Japan. To bring in five-star InterContinental Resort and Villa brand, the Company, through its subsidiary, entered into a Hotel Management Agreement with InterContinental Group ("IHG") in August 2019 for direct operation by Japan subsidiary of IHG. In addition, JAHO Life plus and Management Corp., a subsidiary of the Company, has cooperated with professional nursing and medical teams to build up the "Gemcare" postpartum care center brand name. Zhongshan Center was officially opened in early 2017. Dunhua Center's renovation was completed and had obtained the operation license and will soft open in the second quarter of 2020. As operations continue to grow, we expect to see more impact on the bottom line.

3. Corporate Governance

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Department	Functions
Board Secretariat	1. Convene shareholders' meetings and Board of Directors meetings and arrange for the agenda and other relevant matters. 2. Submit proposals for the amendments of Articles of Incorporation of the Company and Corporate Governance related rules and regulations. 3. Manage affairs of the Group's shareholders' meetings and Board of Directors meetings and process and report Industrial & Commercial registration changes. 4. Supervise affairs of the Group's shareholders' meetings and Board of Directors meetings, monitor related risks and timely issue warnings.
Audit Division	1. Carry out audits in accordance with the Internal Audit Implementation Regulations, keep records of audits and prepare audit reports. 2. Study Internal Audit Implementation Regulations, convene audit committee meetings, and arrange the agenda. 3. Handle affairs related to operations of the subsidiary supervisory committee, monitor internal control related risks and timely issue warnings.
Finance Division	1. Integrate and plan for the Group's overall financial resources. 2. Long-term financial planning; establish financial accounting systems, and conduct studies for further improvements. 3. Support investment project evaluations, manage financial and investment risks, and implement risk control mechanisms.
Business Strategy Division	1. Business performance evaluation and integration; supervise business units in the execution of business plans. 2. Supervise business expansion and process mechanism improvements, propose the Group's business direction, and conduct research and development on business strategies. 3. In charge of evaluation, planning, analysis, design and execution of investment projects; initiate interface integration, supervision or execution of major projects.
Engineering Division	1. Supervise and support all engineering and technical matters, quality control, maintenance, and production management. 2. Carry out major project construction and technology improvement, promote innovative research and development. Formulate the Group's production management, research and development, and new product development policies. 3. Establish engineering related systems and supervise the implementation of related affairs.
Human Resource Division	1. Formulate personnel regulations, safe keep personnel data and records, execute personnel related matters based on management decisions. Convene Remuneration committee meetings, and arrange the agenda. 2. Plan and establish human resource policies, propose the annual plan and budget for employee selection, training, recruitment, retention and relations. 3. Handle employees' labor, health and group insurance, manage employee attendance, handle employee salary, and file personnel related reports to related authorities.

Department	Functions
Legal Division	1. Provide legal opinions on legal issues within the Company's business scope, and assist fellow divisions in handling relevant legal affairs. 2. Promote and provide training on legal issues for employees, and supervise legal affairs of the Group. 3. Execute management assignments and monitor corporate legal risks and timely issue warnings.
IT Division	1. Formulate short-term, mid-term and long-term information technology plans and strategies in accordance with the Company's development strategy and management requirements. 2. In charge of the up-to-date and overall integration of information system framework for the Company and its subsidiaries. 3. Handle all daily computer operations, including file backup management, storage and information security. Oversee and manage all information related risks of the Company's computer systems, support integration, planning, design or update of the Group's information systems.
Sales Department	1. Conduct domestic and overseas market research, formulate sales strategies, propose and execute market expansion plans. 2. Handle orders for domestic sales and exports, sales change, collect receivables,and responsible for the issuance, control and safekeeping of bills of lading, inventory management, shipment review and approval, and after-sales service. 3. Execute management assignments and manage other operation and sales related risks.
Finance Department	1. Implement the financial accounting system; prepare financial statements and analysis reports based on related procedures. 2. Conduct account auditing, reporting, tax related affairs, and fixed asset insurance, etc. 3. Review and compile budgets, compare and analyze budget and actual performance, study, handle and offer suggestions for corporate tax affairs. 4. Planning and process of the Company's reporting matters stipulated by the government authority, Financial Supervisory Commission and its subordinate institutions, and follow up on these matters. 5. Review bills and receipts of fellow departments to ensure their compliance with the Company's rules and regulations.
Administration Department	1. Issue and receive letters of the Company and the Group (if necessary); compilation, safekeeping, filing and digitalization of official corporate documents; responsible for the Group's (excluding companies in China) office automation system and also act as the window for corporate e-documents. 2. Maintain and manage the Group's bulletin board; announcement, compilation, and safekeeping of rules and regulations; and printing and issuance of publications. 3. Plan and execute administrative management regulations and budget, manage petty cash, expenses and receipts. 4. Handle administrative affairs, management assigned matters along with other asset management related issues. 5. Support the Group with overall administrative affairs.

Corporate Governance 3

3.2 Profile of Directors and Management Team

3.2.1 Directors

(1) Profile of Directors

As of April 24, 2020: book closure date for AGM

Title (Note1)	Nationality	Name	Gender	Date Elected or Inaugurated	Tenure (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children		Shareholding by Nominee Arrangement		Experience & Education (Note 3)	Other Positions (JPR: Juridical Person Representative)	Spouse or family members within two degrees of kinship acting as Executive, Directors, or Supervisors			Remarks (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	Jason K. L. Chang	M	6/21/2019	3	5/31/2001	4,478,396	0.58	4,478,396	0.58	4,477,000	0.58	500,000	0.00	Master, Massachusetts Institute of Technology	**Chairman of:** YJ Int'l Corp. (JPR) Bluesky Co., Ltd. (JPR) Chia Sheng Construction Corp. (JPR) Tong Yang Chia Hsin Int'l Corp. **Director of:** Chia Hsin Property Management & Development Corp. (JPR) Chia Pei Int'l Corp. (JPR) Chia Hsin Business Consulting (Shanghai) Co., Ltd. (JPR) Shanghai Jia Huan Concrete Co., Ltd. (JPR) Shanghai Chia Hsin Ganghui Co., Ltd. (JPR) Chia Hsin Pacific Limited Yonica Pte Ltd. Effervesce Investment Pte Ltd. Sparksview Pte Ltd. Tong Yang Chia Hsin Marine Corp. (JPR) Taiwan Cement Corp. (JPR) EPOCH Foundation Chia Hsin Foundation	-	-	-	-
Director	ROC	Chi-Te Chen	M	6/21/2019	3	4/30/1992	680,813	0.09	680,813	0.09	0	0.00	0	0.00	MBA, University of California, Santa Clara	**Chairman of:** Chien Kuo Development Co., Ltd. (JPR) Chien Hwei Investment Co. Ltd. Ruihui Corp. (JPR) Anping Real Estate Co., Ltd. (JPR) Rock Publishing International (JPR) Chien Huei Cultural & Educational Foundation Chien Kuo Foundation for Arts And Culture. **Vice Chairman of:** Chien Kuo Construction Co., Ltd. **Director of:** Chia Hsin property Management & Development Corp. (JPR) Taiwan Cement Corp. (JPR) Silver Shadow Holdings Co., Ltd. Golden Canyon Co., Ltd. Chien Kuo Asia Co., Ltd.	-	-	-	-
Director	ROC	Tong Yang Chia Hsin International Corp.		6/21/2019	3	5/31/2001	127,370,320	16.44	127,370,320	16.44	0	0.00	0	0.00	-	-	-	-	-	-

Corporate Governance 3

Title (Note1)	Nationality	Name	Gender	Date Elected or Inaugurated	Tenure (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children		Shareholding by Nominee Arrangement		Experience & Education (Note 3)	Other Positions (JPR: Juridical Person Representative)	Spouse or family members within two degrees of kinship acting as Executive, Directors, or Supervisors			Remarks (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
JPR of Tong Yang Chia Hsin Int'l Corp.	USA	Pan Howard Wei-Hao	M	6/21/2019	3	6/19/2013	0	0.00	0	0.00	0	0.00	0	0.00	Master of EE and MBA, Massachusetts Institute of Technology	**Director of:** Chia Hsin property Management & Development Corp. (JPR) JAHO Life Plus and Management Corp. (JPR) Bluesky Co., Ltd. (JPR) Chia Sheng Construction Corp. (JPR) Chia Hsin Pacific Limited Yonica Pte Ltd. Effervesce Investment Pte Ltd. Sparksview Pte Ltd. Cheng Yeh Chemical Works Ltd. (also President) Hao An Enterprise Co., Ltd. Micro Tech Enterprise Co., Ltd. CFA Society of Taiwan Chia Hsin Foundation	-	-	-	-
JPR of Tong Yang Chia Hsin Int'l Corp.	ROC	Jeffrey H.H. Wang (Note 5)	M	6/21/2019	3	6/27/2016	0	0.00	0	0.00	0	0.00	0	0.00	AAS, Fashion Institute of Technology, The State University of New York	**Chairman and President of:** Suzhou Chung-Hwa Chemical & Pharmaceutical Industrial Co., Ltd. **Executive Director of:** Suzhou Chung-Hwa Yuming Pharmaceutical Co., Ltd. **Director of:** China Chemical & Pharmaceutical Co., Ltd. (JPR) Chung-Hwa Snythesis & Biotech Co., Ltd. Tai Rung Development Corp. Cook Dingmao Int'l Corp. Rongchan Greenteck Co., Ltd. Chung-Hwa Holding Co., Ltd. **Supervisor of:** Sino-Japan Chemical Corp.	-	-	-	-
Independent Director	ROC	Robert K. Su	M	6/21/2019	3	6/27/2016	0	0.00	0	0.00	0	0.00	0	0.00	Ph. D., Accounting Louisiana State University	Independent Director, Ta-Yuan Cogen Co., Ltd. Member of Remuneration Committee, Chien Kuo Construction Co., Ltd.	-	-	-	-
Independent Director	ROC	Chia-Shen Chen	M	6/21/2019	3	6/19/2013	0	0.00	0	0.00	0	0.00	0	0.00	Ph.D., Psychology, National Taiwan University	Professor, Graduate Institute of Business Administration, College Management, NTU Independent Director of Yue Yuen Industrial (Holdings) Limited (Hong Kong) Member of Taiwan Power Company Promotional Development Committee Consultant of Industrial Technology Research Institute.	-	-	-	-
Independent Director	ROC	Kuan-Ming Chen	M	6/21/2019	3	6/19/2013	0	0.00	0	0.00	0	0.00	0	0.00	BBA, University of Southern California	Chairman of Ladybees International Limited Representative of Shanghai Zhen Wang Management Consulting Co., Ltd.	-	-	-	-

Note 1: For institutional shareholder, the name of the institution and its representatives are listed separately. Additional information should be provided as following table for the institutional shareholder.

Note 2: State the first date the person served as director or supervisor, and provide explanation for discontinuity.

Note 3: If any of the current and past experiences involve positions in the auditing CPA firm or its affiliates, details for the person's title and responsibilities shall be provided.

Note 4: If the chairman and the president or person of equivalent duties (the top manager) are the same person or spouse or first kinship relatives of each other, reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors, and there should be more than half of the directors who are not part-time employees or managers of the Company etc.) shall be provided.

Note 5: Jeffrey H.H. Wang, JPR of Tong Yang Chia Hsin Int' l corp. passed away on January 13, 2020 and was automatically dismissed.

Note 6: The Company did not issue any employee stock warrants.

Corporate Governance 3

Table 1: Major Shareholders of the Institutional Shareholder

As of April 24, 2020: book closure date for AGM

Institutional shareholder	Major shareholders of the institutional shareholder
Tong Yang Chia Hsin International Corp.	Chia Hsin Cement Corp. (87.18%)
	Chia Hsin Construction & Development Corp. (10.41%)
	Chen-Yun Wang (0.52%)
	Sung Ju Investment Corp. (0.42%)
	Ju-Ping Chang (0.25%)
	Yung-Ping Chang (0.22%)
	Chung-Lien Chung (0.19%)
	International Chia Hsin Corp. (0.16%)
	Nelson An-Ping Chang (0.12%)
	Robert C.K. Wang (0.11%)

Note 1: If directors or supervisors are representatives of institutional shareholders, name of the institutional shareholders shall be filled in.
Note 2: Fill in the major shareholders whose shareholdings account for the top ten of the institutional shareholders and their shareholding ratio. If the major shareholder is an institution, the following table 2 shall be provided.
Note 3: If the institutional shareholders are not company organization, the names and shareholding ratios to be disclosed shall be the names of the investors or donors and shareholding ratios shall be the investment or donation ratios.
Note 4: Above disclosures are based on information provided by institutional shareholders.

Table 2: Major Shareholders of the Major Institutional Shareholder in the Above Table 1

As of April 24, 2020: book closure date for AGM

Name of institution	Major shareholders of the institution
Chia Hsin Cement Corp.	Tong Yang Chia Hsin International Corp. (16.44%)
	Sung Ju Investment Corp. (8.88%)
	Yung-Ping Chang (5.39%)
	Taiwan Cement Corp. (3.54%)
	Ta-Ho Maritime Corp. (3.32%)
	Nutri Vita Inc. (2.33%)
	Chia Hsin Foundation (1.92%)
	International Chia Hsin Corp. (1.89%)
	Guo-Huei Gu (1.74%)
	Chia Hsin R.M.C. Corp. (1.70%)

Note 1: If the major shareholder in the above table 1 is an institutional shareholder, the name of the institutional shareholders shall be filled in.
Note 2: Specify the major shareholders whose shareholdings account for the top ten of the institutional shareholder and their shareholding ratio.
Note 3: If the institutional shareholders are not company organization, the names and shareholding ratios to be disclosed shall be the names of the investors or donors and shareholding ratios shall be the investment or donation ratios.
Note 4: Above disclosures are based on information provided by institutional shareholders.

(2) Independence of Directors

Criteria / Name (note1)	Meeting one of the following qualification requirements, together with at least 5 years work experience			Independence criteria (note2)												No. of other public companies in which the individual is concurrently acting as independent director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Jason K.L. Chang			✓				✓	✓	✓		✓	✓	✓	✓	✓	0
Chi-Te Chen			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Pan Howard Wei-Hao			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		0
Jeffrey H.H.Wang (Passed away on 1/31/2020 and was automatically dismissed)			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		0
Robert K. Su	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chia-Shen Chen	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Kuan-Ming Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: The number of fields is adjustable based on actual needs.
Note 2: Mark "✓" if applicable to the directors during the two years before being elected and during the term of the office.

Criteria 1: Not an employee of the Company or its affiliates.
Criteria 2: Not a director or supervisor of the Company or its affiliates. The same does not apply, however, in cases where the person is acting concurrently as an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
Criteria 3: Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
Criteria 4: Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding criteria 1 to 3.
Criteria 5: Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of total number of issued shares of the Company, or ranks as one of its top 5 shareholders, or appoints representatives as director or supervisor of the Company according to Article27-1-2 of the Company Act. The same does not apply, however, in cases where the person is acting concurrently as an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
Criteria 6: Not a director, supervisor, or employee of other companies having the same person controls more than half of the Company's director seats or voting shares. The same does not apply, however, in cases where the person is acting concurrently as an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
Criteria 7: Not a director, supervisor, or employee of other companies or institutions whose chairman and president or person of equivalent duties are the same person or spouses of each other. The same does not apply, however, in cases where the person is acting concurrently as an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
Criteria 8: Not a director, supervisor, manager, or shareholder with 5% shareholdings or more of specified companies or institutions having financial or business relationship with the Company. The same does not apply, however, in cases where the specified companies or institutions hold greater than 20% and lower than 50% of the Company's outstanding shares and the person is acting concurrently as an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
Criteria 9: Not a professional individual, an owner, partner, director, supervisor, an officer, or spouse thereof, of a sole proprietorship, partnership, company, or institution, who provides audit service or provides commercial, legal, financial, accounting, or other related services and received accumulated service fees of less than NTD 500,000 in the past two years, to the Company or any of its affiliate, provided that this restriction does not apply to any member of the remuneration committee, public tender offer review committee, or mergers & acquisitions special committee who exercises powers pursuant to the Securities and Exchange Act, Business Mergers & Acquisitions Act, or other related regulations.
Criteria 10: Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
Criteria 11: Not been a person of any conditions defined in Article 30 of the Company Act.
Criteria 12: Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

Corporate Governance 3

3.2.2 Management Team

Profile of President, Vice President, Assistant Vice President and Other Managers

As of April 24, 2020: book closure date for AGM

Title (Note1)	Nationality	Name	Gender	Elective Date	Current Shareholdings		Current Shareholdings of Spouse & Minor Children		Shareholdings by Nominee		Major Experience & Education (Note 2)	Other Positions (JPR: Juridical Person Representative)	Spouse or family members within two degrees of kinship acting as Executive			Remarks (Note3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	ROC	Chih-Chu Chi	M	4/1/2015	9,415	0.00%	0	0.00%	0	0.00%	Dept. of Finance, China University of Technology	**Chairman of:** Chia Hsin Property Management & Development Corp. (JPR) **Director of:** Tong Yang Chia Hsin Int'l Corp. (JPR), also President Chia Pei Int'l Corp. (JPR) Bluesky Co., Ltd. (JPR) Chia Sheng Development Corp. (JPR) Tong Yang Chai Hsin Marine Corp. (JPR) Shanghai Jia Huan Concrete Co., Ltd. (JPR) Jiangsu Jiaguo Construction Material & Storage Co., Ltd. (JPR) Jiangsu Chia Hsin real Estate Co., Ltd. (JPR)	-	-	-	-
EVP Also CEO of Headquarters Office and Chief Officer of Corporate Governance	ROC	Li-Hsin Wang	F	4/1/2015 7/11/2019	43,613	0.01%	0	0.00%	0	0.00%	MBA Waseda University	**Chairman of:** JAHO Life Plus and Management Corp. (JPR) Chia Hsin Pacific Limited **Director of:** YJ Int'l Corp. (JPR) Chia Pei Int'l Corp. (JPR) Tong Yang Chia Hsin Int'l Corp. (JPR) Chia Hsin Business Consulting (Shanghai) Co., Ltd. (JPR) Shanghai Chia Hsin Ganghui Co., Ltd. (JPR) Shanghai Chia Peng Health care Management Consulting Co., Ltd. (JPR) Yonica Pte Ltd. Effervesce Investment Pte Ltd. Sparksview Pte Ltd. Tong Yang Chia Hsin Marine Corp. (JPR) LDC ROME HOTELS S.R.L CHC Ryukyu COLLECTIVE KK **Executive Officer of:** CHC Ryukyu Development GK **Supervisor of:** Chia Hsin property Management & Development Corp. (JPR) Bluesky Co., Ltd. (JPR) Chia Sheng Development Corp. (JPR)	-	-	-	-
Manager	ROC	Jane Y. C. Chou	F	7/5/2013	34,325	0.00%	0	0.00%	0	0.00%	Dept. of Industrial Management, National Taiwan University of Science & Technology	**Supervisor of:** YJ Int'l Corp. (JPR) Chia Pei Int'l Corp. (JPR) JAHO life Plus and Management Corp. (JPR) Tong Yang Chia Hsin Int'l Corp. (JPR) **Corporate Auditor of:** CHC Ryukyu COLLECTIVE KK	-	-	-	-
Assistant Manager	ROC	Mars Feng	M	7/11/2019	0	0.00%	0	0.00%	0	0.00%	Dept. of Accounting, Tamkang University	-	-	-	-	-

Note 1: Shall include profiles of President, Executive Vice President, Vice President, Department Heads, or any other equivalent positions within the Company.

Note 2: If any of the current and past experiences involve positions in the auditing CPA firm or its affiliates, details of the person's title and responsibilities shall be provided.

Note 3: If the chairman of the Company and the president or person of equivalent duties (the top manager) are the same person, spouse or relatives of 1st kinship of each other, the reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors, and there should be more than half of the directors who are not part-time employees or managers etc.) shall be provided.

Note 4: The Company did not issue any stock warrants for managers.

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3.3 Remuneration of Directors, President, and Vice President

3.3.1 Remuneration of Directors and Independent Directors

Remuneration of Directors and Independent Directors

Unit: NTD thousands

Title		Name	Remuneration								(A+B+C+D) as a % to Net Income		Remuneration Earned by Directors Who are Also Employees								(A+B+C+D+E+F+G) as a % to Net Income		Remuneration received from non-consolidated affiliates or parent company
			Base Compensation (A)		Severance/ Pension (B)		Reward to Directors (C)		Business Execution Allowance (D)				Salary, Bonuses, and Allowances (E)		Severance/ Pension (F)		Reward to employees (G)						
			From the Company	From all consolidated entities	From the Company	From all consolidated entities	From the Company	From all consolidated entities	From the Company	From all consolidated entities	From the Company	From all consolidated entities	From the Company	From all consolidated entities	From the Company	From all consolidated entities	From the Company		From all consolidated entities		From the Company	From all consolidated entities	
																	Cash	Stock	Cash	Stock			
Director	Chairman	Jason K. L. Chang	14,371	15,250	0	0	4,261	7,224	798	930	1.50%	1.80%	2,437	3,477	0	0	449	0	449	0	1.72%	2.11%	0
	Director	Chi-Te Chen																					
	Director	Pan Howard Wei-Hao (Note 1)																					
	Director	Jeffrey H.H. Wang (Note 2)																					
Independent Director	Independent Director	Robert K. Su	2,945	2,945	0	0	0	0	148	148	0.24%	0.24%	0	0	0	0	0	0	0	0	0.24%	0.24%	0
	Independent Director	Kuan-Ming Chen																					
	Independent Director	Chia-Shen Chen																					

1. The directors' remuneration policy, criteria, standards, structure, and the relation between the amount of remuneration and the responsibilities, risks, time devoted and other factors are stated as follows:
   (1) Remuneration of Chairman and Directors is based on Articles of Incorporation of the Company.
   (2) The Company's Articles of Incorporation stipulates that the provision of annual profit as reward to Directors should not be higher than 3%.
   (3) Payment of remuneration to Directors shall follow the Company's regulations for the distribution and payment of remuneration to Directors.
   (4) Authorize the Board of Directors to pay a fixed monthly compensation based on the level of independent directors 'participation in and contribution to the Company's operation and referenced to industry average. Attendance allowances are based on numbers of meeting attended. Additional year end pays is based on responsibilities and individual performance.
2. In addition to the disclosure in the above table, amount received by the Directors of the Company from providing services(such as acting as non-employee consultants, etc.) to all companies in the consolidated financial statements for the past year: None.

Note 1: Representative of Tong Yang Chia Hsin Int'l Corp.

Note 2: Jeffrey H.H. Wang, Representative of Tong Yang Chia Hsin Int'l Corp. passed away on January 13, 2020 and was automatically dismissed.

Range of Remuneration

Range of remuneration paid to Directors	Name of Directors and Independent Directors	
	Total of (A+B+C+D) as stated in the above table	
	From the Company	From all consolidated entities
Below NTD 1,000,000	Pan Howard Wei-Hao, Jeffrey H. H. Wan	Pan Howard Wei-Hao, Jeffrey H. H. Wan
NTD 1,000,000 (included) ~ NTD 2,000,000 (excluded)	Kuan-Ming Chen, Chia-Shen Chen, Robert K. Su	Kuan-Ming Chen, Chia-Shen Chen, Robert K. Su
NTD 2,000,000 (included) ~ NTD 3,500,000 (excluded)		
NTD 3 ,500,000 (included) ~ NTD 5,000,000 (excluded)	Jason K. L. Chang	
NTD 5 ,000,000 (included) ~ NTD 10,000,000 (excluded)		Jason K. L. Chang
NTD 10,000,000 (included) ~ NTD 15,000,000 (excluded)	Chi-Te Chen	Chi-Te Chen
NTD 15,000,000 (included) ~ NTD 30,000,000 (excluded)		
NTD 30,000,000 (included) ~ NTD 50,000,000 (excluded)		
NTD 50,000,000 (included) ~ NTD 100,000,000 (excluded)		
NTD 100,000,000 and above		
Total	7	7

Range of Remuneration

Range of remuneration paid to Directors	Name of Directors and Independent Directors	
	Total of (A+B+C+D+E+F+G) as stated in the above table	
	From the Company	From all consolidated entities
Below NTD 1,000,000	Pan Howard Wei-Hao, Jeffrey H. H. Wan	Pan Howard Wei-Hao, Jeffrey H. H. Wan
NTD 1,000,000 (included) ~ NTD 2,000,000 (excluded)	Kuan-Ming Chen, Chia-Shen Chen, Robert K. Su	Kuan-Ming Chen, Chia-Shen Chen, Robert K. Su
NTD 2,000,000 (included) ~ NTD 3,500,000 (excluded)		
NTD 3 ,500,000 (included) ~ NTD 5,000,000 (excluded)		
NTD 5 ,000,000 (included) ~ NTD 10,000,000 (excluded)	Jason K. L. Chang	
NTD 10,000,000 (included) ~ NTD 15,000,000 (excluded)	Chi-Te Chen	Jason K. L. Chang, Chi-Te Chen
NTD 15,000,000 (included) ~ NTD 30,000,000 (excluded)		
NTD 30,000,000 (included) ~ NTD 50,000,000 (excluded)		
NTD 50,000,000 (included) ~ NTD 100,000,000 (excluded)		
NTD 100,000,000 and above		
Total	7	7

3.3.2 Remuneration of President and Vice President

Remuneration of President and Vice President

Unit: NTD thousands

Title	Name	Salary(A)		Severance/Pension(B)		Bonus and Allowances(C)			Reward to Employees (D)				(A+B+C+D) as a % to Net income		Remuneration received from non-consolidated affiliates or parent company
		From the Company	From all consolidated entities	From the Company	From all consolidated entities	From the Company	From all consolidated entities		From the Company		From all consolidated entities		From the Company	From all consolidated entities	
									Cash	Stock	Cash	Stock			
CEO	Jason K. L. Chang (Note1)														
President	Chih-Chu Chi	7,442	7,442	10,621	10,621	4,129	5,939		2,407	0	2,919	0	1.90%	2.07%	None
EVP	Li-Hsin Wang														

Note 1: No longer concurrently acting as CEO since June 21, 2019. Not received Severance/Pension payment.

Range of Remuneration

Range of remuneration paid to President and Vice President	Name of President and Vice President	
	From the Company	From all consolidated entities(E)
Below NTD 1,000,000		
NTD 1,000,000 (included) ~ NTD 2,000,000 (excluded)		
NTD 2,000,000 (included) ~ NTD 3,500,000 (excluded)	Jason K. L. Chang	Jason K. L. Chang
NTD 3 ,500,000 (included) ~ NTD 5,000,000 (excluded)		
NTD 5 ,000,000 (included) ~ NTD 10,000,000 (excluded)	Li-Hsin Wang	Li-Hsin Wang
NTD 10,000,000 (included) ~ NTD 15,000,000 (excluded)		
NTD 15,000,000 (included) ~ NTD 30,000,000 (excluded)	Shih-Chu Chi	Shih-Chu Chi
NTD 30,000,000 (included) ~ NTD 50,000,000 (excluded)		
NTD 50,000,000 (included) ~ NTD 100,000,000 (excluded)		
NTD 100,000,000 and above		
Total	3	3

Managers Who Receive Reward to Employees and the Status of Distribution

April 30, 2020
Unit: NTD thousands

	Title	Name	Stock	Cash	Total Amount	Total amount to Net Income after Tax (%)
Manager	CEO	Jason K. L. Chang (Note1)	0	3,234	3,234	0.25%
	President	Shih-Chu Chi				
	Executive Vice President	Li-Hsin Wang				
	Finance Officer	Jane Y. C. Chou				
	Accounting Officer	Susan Chuang (Note 2)				
	Accounting Officer	Mars Feng (Note 2)				

Note 1: No longer concurrently acting as CEO since June 21, 2019.
Note 2: Accounting Officer changed from Susan Chuang to Mars Feng since July, 11, 2019.

Comparative descriptions and analysis on the ratio taken by the total of remuneration paid by the Company and all consolidated entities to the Directors (including independent Directors), President, and Vice President of the Company to the net income after tax for the past two years, including descriptions of the policies, criteria, and composition of the remuneration.

Year	Total remuneration paid to Directors, President and Vice President (NTD thousands)		Total remuneration as a % to Net Income after Tax (Note 1)	
	The Company	All consolidated entities	The Company	All consolidated entities
2018	28,157	34,139	4.02%	4.88%
2019	47,122	54,029	3.63%	4.16%

Note 1: Net Income after Tax refers to that stated in the Parent Company only financial statement of the fiscal year based on IFRS.

The Company's Policies and Criteria for Remuneration:

1. Remuneration of the Company's directors is in accordance with the provisions of the Company's Articles of Incorporation and linked to the performance. Distribution of remuneration shall be reviewed by the Compensation Committee, submitted to the Board of Directors for approval, and reported at the shareholders' meeting.
2. Remuneration of CEO, President, and Executive Vice President is based on their individual capabilities, contribution to the Company's operation, performance, market value of the position, and the Company's future operation risks consideration, and shall be reviewed by the Compensation Committee and submitted to the Board of Directors for approval.
3. Distribution of the directors' remuneration approved by the board of directors shall be limited to those who with directorship on the day the directors' remuneration is paid. However, directors who have not been re-elected due to re-election may still receive pro rata distributions based on their term of office.
4. Payment of remuneration is based on the overall operation and profitability of the Company, which is positively related to the Company's operation performance. It minimizes the probability and correlation of future risks and strives to balance sustainability with risk control under the specification of laws and the Company's Articles of Incorporation.

3.4 Status of Corporate Governance

3.4.1 Board of Directors

(1) Operation of the Board of Directors

1. A total of eleven (A) meetings of the Board of Directors were held in the most recent year (Note 4). The attendance of Directors and Independent Directors were as follows:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate in Person (%) (B / A) (Note 2)	Remarks
Chairman	Jason K.L. Chang	11	0	100%	Re-elected on 6/21/2019
Director	Chi-Te Chen	10	11	91%	
Director	Tong Yang Chia Hsin Int'l Corp. Representative : Pan Howard Wei-Hao	11	0	100%	
Director	Tong Yang Chia Hsin Int'l Corp. Representative: Jeffrey H. H. Wang	6	2	60%	(Note 3)
Independent Director	Robert K. Su	11	0	100%	Re-elected on 6/21/2019
Independent Director	Chia-Shen Chen	11	0	100%	
Independent Director	Kuan-Ming Chen	4	5	36%	

Other Required Disclosure:

1. In case any of the following circumstances occur at the operation of the Board of Directors, it is required to clearly specify the Board meeting date, session, content of proposal and resolutions by the independent directors and the Company's response thereto.
   (1) If there are circumstances referred in Article 14-3 of the Securities Exchange Act: Please refer to section 3.4.11 for the major resolutions of Board meetings in the past year and up to the publication date of the annual report. All attended independent directors unanimously approved all circumstances referred in Article 14-3 of the Security Exchange Act.
   (2) If there are resolutions of the director's meeting objected to by independent directors or subject to qualified opinion and recorded or declared in writing: None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance, participation in discussion and voting should be specified:

Meeting session and date	Name of Director	Content of Motion	Cause for Avoidance of Interest	Participation in discussions and voting
419 Dated 1/17/2019	Jason K.L. Chang	Approve 2018 year-end bonus payment proposal of the managers (including employees)	Jason. K. L. Chang is the CEO	The director attended the meeting in person, but recused himself from discussions and voting, nor did the director represent any other directors.
	Jason K.L. Chang	Amount of 2018 bonus payment of the managers	Jason K. L. Chang as the CEO will receive the reward.	The director attended the meeting in person, but recused himself from discussions and voting, nor did the director represent any other directors

Meeting session and date	Name of Director	Content of Motion	Cause for Avoidance of Interest	Participation in discussions and voting
419 Dated 1/17/2019	Jason K.L. Chang Pan Howard Wei-Hao	2018 bonus payment of the directors	Approve the amount of Lunar New Year bonus payment of directors (not including the independent directors who are concurrently members of the Remuneration Committee).	Both directors attended the meeting in person, but recused themselves from discussions and voting, nor did the directors represent any other directors.
	Robert K. Su Chia-Shen Chen	2018 bonus payment of the Remuneration Committee	Approve the proposed amount of Lunar New Year bonus payment of members of Remuneration Committee (including the independent directors who are concurrently members of the Remuneration Committee	Both the independent directors attended the meeting in person, but recused themselves from discussions and voting, nor did the independent directors represent any other directors.
	Jason K.L. Chang Pan Howard Wei-Hao	Additional remuneration of the directors	Approve the proposed additional remuneration of the directors	The three independent directors: Robert K. Su, Chia-Shen Chen and Kuan-Ming Chen will not receive the aforementioned additional remuneration. Both Directors Jason K. L. Chang and Pan Howard Wei-Hao attended the meeting in person, but recused themselves from discussions and voting nor did the directors represent any other directors.
422 Dated 5/9/2019	Jason K.L. Chang Chi-Te Chen	Amount of 2018 rewards for directors	Both directors are payees	Both directors attended the meeting in person, but recused themselves discussions and voting.
	Jason K.L. Chang	Amount of 2018 rewards for managers	Jason K.L. Chang as the CEO will receive the reward	The director attended the meeting in person, but recused himself from discussions and voting.
424 Dated 7/11/2019	Jason K. L. Chang Pan Howard Wei-Hao	Appointment of members of the Company's subsidiary Supervisory Committee.	Appointment of Jason K. L. Chang and Pan Howard Wei-Hao as members.	Both directors attended the meeting in person, but recused themselves from discussions and voting.
	Jason K. L. Chang Chi-Te Chen Pan Howard Wei-Hao	Appointment of director and supervisor of Chia Hsin Property Management Development Corp.	Appointment of Jason K. L. Chang, Chi-Te Chang and Pan Howard Wei-Hao as directors of the Company's subsidiary, Chia Hsin Property Management Development Corp.	The directors attended the meeting in person, but recused themselves from discussions and voting.

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Meeting session and date	Name of Director	Content of Motion	Cause for Avoidance of Interest	Participation in discussions and voting
425 Dated 8/13/2019	Jason K. L. Chang Chi-Te Chen Pan Howard Wei-Hao Jeffrey H.H. Wang, Kuan-Ming Chen	Approve the remuneration and attending fees of the newly elected directors (not including the independent directors who are concurrently members of the Remuneration Committee).	Approve the monthly remuneration and attending fees of the following newly re-elected directors: Jason K.L. Chang, Chi-Te Chen, Pan Howard Wei-Hao, Jeffrey H H Wang and Kuan-Ming Chen	The directors attended the meeting in person, but recused themselves from discussions and voting, nor did the directors represent any other directors.
	Chia-Shen Chen Robert K. Su	Approve the remuneration and attending fee of members of the Remuneration Committee (including the independent directors who are concurrently members of the Remuneration Committee)	Approve the remuneration and attending fee of members of the Remuneration Committee; Chia-Shen Chen, Robert K. Su and Chi-Lin Wea	Both the directors attended the meeting in person, but recused themselves from discussions and voting.
426 Dated 11/13/2019	Jason K.L. Chang Chi-Te Chen Pan Howard Wei-Hao	Approve the adoption of remuneration policy for corporate directors and supervisors.	Although the motion does not directly involve the conflict of interests of the director, it is still suggested that Jason K. L. Chang, Chi-Te Chen and Pan Howard Wei-Hao who are appointed as directors of the Company's subsidiaries or/and entities that direct invested, it is suggested that they avoid in the participation of the motion.	The directors attended the meeting in person, but recused themselves from discussions and voting, nor did the directors represent any other directors.
428 Dated 1/9/2020	Jason K.L. Chang	Approve the adoption of 2019 year-end bonus payment policy of the Chairman, and managers (including employees)	Jason K. L. Chang is the Chairman of the Board	The director attended the meeting in person, but recused himself from discussions and voting.
	Jason K.L. Chang	Approve the amount of 2019 bonus payment of the Chairman and managers	Jason K. L. Chang as the Chairman will receive the reward.	The director attended the meeting in person, but recused himself from discussions and voting.

Meeting session and date	Name of Director	Content of Motion	Cause for Avoidance of Interest	Participation in discussions and voting
428 Dated 1/9/2020	Chia-Shen Chen Pan Howard Kuan-Ming Chen	Approve 2019 additional remuneration of the directors.	Approve the amount of Lunar New Year bonus payment of the directors (not including the independent directors who are concurrently members of the Remuneration Committee).	Chia-Shen Chen and Pan Howard Wei-Hao attended the meeting in person; Kuan-Ming Chen attended by proxy; all 3 recused themselves from discussions and voting.
	Chia-Shen Chen Robert K. Su	Approve 2019 additional remuneration of members of the Remuneration Committee.	Approve the proposed amount of Lunar New Year bonus payment of the members of the Remuneration Committee (including the independent directors who are concurrently members of the Remuneration Committee.	The directors attended the meeting in person, but recused themselves from discussions and voting, nor did the independent directors represent any other directors.

3. TWSE/GTSM listed companies should disclose information on Self Evaluation (or Peer Evaluation) of the Board of Directors which includes general evaluation cycles, evaluation periods, scope and method and contents of evaluation by filling out Table (2) Implementation of Performance Evaluation of Board of Directors.

4. Implementation of performance evaluation and objective is set forth to conduct corporate governance and to enhance the Company's board functions (e.g. establishing an Audit Committee, increasing information transparency & etc.) in the most recent year:
   The Board of Directors should have professional knowledge, skills and expertise in different field and background and are capable to fulfill their duties. Periodically the Board of Directors will be briefed by the operation team and shall be able to give guidance and suggestions; as well as to maintain good communications with the operation team so as to seek for the best interests of the shareholders.

   There were 11 meetings held in the most recent year up to the Publication date of the annual report, (as of April 30th, 2020): nine times in 2019 and 2 times in 2020. Important motions of the Board of Director's meetings are disclosed at the website of Taiwan Stock Exchange Market Observation Post in order to ensure information transparency.

Note 1: If directors or supervisors are institutional shareholders, the names of the institutional shareholders and their representatives shall be disclosed.
Note 2: (1) If any director or supervisor left his/her position before end of the year, the date the director or supervisor left and their actual attendance rate (%), which is the number of meetings the director or supervisor attended in person divided by the total number of meetings during his/her term of office shall be specified in the remarks column.
(2) If any director of supervisor was re-elected before end of the year, both the former and current directors or supervisors should be listed and dates of the re-election should be specified in the remarks column. Actual attendance rate (%) is the number of meetings the director or supervisor attended in person divided by the total number of meetings during his/her term of office.
Note 3: Jeffrey H . H. Wang, Representative of Tong Yang Chia Hsin Int'l Corp., who was re-elected at the General Shareholders' Meeting on June, 21st, 2019, passed away on January 13th, 2020 and was automatically dismissed from his position. Numbers of meeting should have attended was 10 times.
Note 4: Number of meetings held in the most recent year up to the printing date of this annual report: nine times in 2019 and 2 times in 2020.(as of April 30th, 2020)

(2) Implementation of Performance Evaluation of Board of Directors

Evaluation Cycles (Note 1)	Evaluation Periods (Note 2)	Evaluation Scope (Note 3)	Method of Evaluation (Note 4)	Contents of Evaluation (Note 5)
Once a year	January 1st, 2019 to December 31st, 2019	Covering the evaluation of the Board as a whole, individual directors, and functional committees	Including the internal evaluation of the Board and self -evaluation by individual board members	With reference to the sample template published by the authority, herewith the Company has established following regulations governing the performance evaluation of Board of Directors: **(1) Performance Evaluation of the Board of Directors** 1.1 The participation in the operation of the Company 1.2 Improvement of the quality of the decision making 1.3 Composition and structure 1.4 Election and continuing education 1.5 Internal control **(2) Performance Evaluation of Individual Directors** 2.1 Alignment of the goals and missions of the Company 2.2 Awareness of the duties of a director 2.3 Participation in the operation of the Company 2.4 Management of internal relationship and communication 2.5 Director's professionalism and continuing education 2.6 Internal control **(3) Performance Evaluation of Functional Committees** 3.1 Participation in the operation of the Company 3.2 Awareness of the duties of the functional committee 3.3 Improvement of quality of decisions made 3.4 Makeup of the functional committee and election of its members 3.5 Internal control

Note 1: To fill in the cycle of the performance evaluation of board of directors; e.g. once a year.
Note 2: To fill in the period of performance evaluation of the board of directors; e.g. from January 1st, 2019 to December 31st, 2019.
Note 3: To fill in the scope of performance evaluation covering the board as a whole, individual directors and the functional committees.
Note 4: Method of the performance evaluation including the internal evaluation of the board and self-evaluation by individual board members, peer evaluation and evaluation by appointed external professional institutions, experts or other appropriate methods.
Note 5: Contents of Evaluation should at least cover the follow aspects:
(1) Performance Evaluation of the Board of Directors: should at least cover the participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control.
(2) Performance Evaluation of Individual Directors: should at least cover the awareness of the duties of a directors, alignment of the goals and missions of the Company, participation in the operation of the Company, management of internal relationship and communication and the director's professionalism and continuing education and internal control.
(3) Performance Evaluation of Functional Committees: should at least cover the participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.

2. The Training for Directors, Independent Directors:

Name of the Director	Content of Training Course	Training Institution	Date Attended	Hours
Jason K.L. Chang	The global trade war, CRS and anti-avoidance wave impact: what is worth the board thinking about?	Taiwan Corporate Governance Association	10/4/2019	6
Chi-Te Chen	Corporate Governance & Enterprise Sustainable Operation	Taiwan Academy of Banking & Finance	4/16/2019	3
	How to Prevent Inside Trading	Securities & Futures Institution	4/26/2019	3
Pan Howard Wei-Hao	Disruption:The New Reality in Investment Management	72nd CFA Institute Annual Conference(London)	5/12/2019 to 5/15/2019	12
	Discussion on Strategy and Tool Used for Employees Bonus Compensation	Chinese National Association of Industry & Commerce, Taiwan	5/28/2019	3
Jeffrey H.H. Wang	2019 Latest Labor Law in Practice	Taiwan Corporate Governance Association	11/12/ 2019	3
	How Can Enterprises innovate and break through the profitability in the Digital Economy Era?	Taiwan Corporate Governance Association	12/23/ 2019	3
Robert K. Su	Corporate Governance : The Key Elements of the Latest Modified version of Company Law	Taiwan Corporate Governance Association	03/13/ 2019	3
	Corporate Governance: Impact and Risk on Taiwan Economy from the Global Political and Economic Environment	Taiwan Academy of Banking & Finance	4/10/2019	3
	Criminal and Legal Risk Countermeasures of Corporate Supervisors - the Prevention of Corporate Fraud and Money Laundering	Taiwan Corporate Governance Association	10/29/ 2019	3
	How to Effectively Achieve and Duties of the Board of Directors?	Taiwan Stock Exchange Corporation	11/21/ 2019	3
	International Forum on Corporate Governance	Taiwan Corporate Governance Association	11/27/ 2019	3
	Seminar on Derivative Commodity Hedging Practices of Listed Companies	Securities & Futures Institution	12/13/ 2019	3
Chia-Shen Chen	Latest blue print on Corporate Governance in Relations to Responsibilities and Risk Management of the Board of Directors	Taiwan Corporate Governance Association	03/08/ 2019	3
	Corporate Governance & Enterprise Sustainable Operation	Taiwan Academy of Banking & Finance	4/16/2019	3
	How to Prevent Inside Trading?	Securities & Futures Institution	4/26/2019	3
	Regulations of Transaction of Internal Shareholding of Listed Companies	Securities & Futures Institution	7/17/2019	3
	ESG Investment Forum	Taiwan Stock Exchange Corporation	10/8/2019	2
	How to Implement the Company's Internal Information Security System from the Perspective of Corporate Governance	Taiwan Insurance Institute	11/1/2019	3

3.4.2 Audit Committee

(1) Annual Priorities of the Audit Committee:

The Audit Committee is designed to assist the Board in ensuring the quality and integrity of the Company's accounting, auditing, financial reporting processes and financial controls.

The Audit Committee conducts annual reviews on the following:

Financial reports, audit and accounting policies and procedures, internal control systems and related policies and procedures, significant assets or derivatives transactions, major loans, endorsements or guarantees, raising or issuing securities, potential conflicts of interest for managers and directors, company risk management, evaluation the effectiveness of internal control systems, CPA independence and performance evaluation, appointment, dismissal or remuneration of CPA, appointment and dismissal of finance, accounting or audit division officers, and other major matters prescribed by laws and regulations.

According to law, members of the Audit Committee shall be composed of all independent directors. The composition of the Audit Committee of the Company has complied with the above-mentioned regulation.

The Audit Committee of the Company fully understands that in order to perform its duties, it has the right to conduct any appropriate audits and investigations, and has direct communication with the Company's internal auditors, CPA, and all employees. At the same time, the Audit Committee also understands it has the right to hire and supervise lawyers, accountants or other consultants to assist the Audit Committee in performing its duties.

Please refer to the Company's website for the organization and working procedures of the Audit Committee.

(2) Operation of the Audit Committee

Operation of the Audit Committee

A total of ten (A) meetings of the Audit Committee were held in the most recent year (Note 3).
The attendance of independent directors were as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Rate of Attendance in Person (%) (B/A) (Note 2)	Remarks
Independent Director	Robert K. Su	10	0	100%	Re-elected on 6/21/2019
Independent Director	Chia-Shen Chen	10	0	100%	Re-elected on 6/21/2019
Independent Director	Kuan-Ming Chen	4	5	40%	Re-elected on 6/21/2019

Other required disclosure:

1. In case any of the following circumstances occurred at the operation of the Audit Committee, it is required to clearly specify the Board meeting date, session, content of motion, resolutions by the Audit Committee and the Company's response thereto.

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

Meeting date (Session)	Content of Motion	Items listed in Article 14-5 of the Securities and Exchange Act	Resolution of the audit committee and the Company's response
1/17/2019 24th Meeting of the 2nd Term	1. The loan of € 1.48 M to LDC ROME HOTELS S.R.L., which the Company holds 40% of its shares.	✓	All members attended the meeting agreed to pass the motion items and submitted to the Board of Directors in which all attended directors approved without objection.
2/20/2019 25th Meeting of the 2nd Term	1. The amendments to the authorization chart for the "Duty Delegation Management Regulations". 2. The transfer of partial shares of the Company's subsidiary, Chia Hsin Construction & Development Corporation.	✓	

Meeting date (Session)	Content of Motion	Items listed in Article 14-5 of the Securities and Exchange Act	Resolution of the audit committee and the Company's response
3/27/2019 26th Meeting of the 2nd Term	1. The 2018 internal control statement. 2. The draft of 2018 business report and financial statements. 3. The extension of the current CPAs and the service fee. 4. The proposal of 2018 earnings distribution of cash dividends for acceptance.	✓	All members attended the meeting agreed to pass the motion items and submitted to the Board of Directors in which all attended directors approved without objection.
5/9/2019 27th Meeting of the 2nd Term	1. The amendments to the "Articles of Incorporation". 2. The amendments to the "Procedures for Acquisition of Disposal of Assets". 3. The amendments to the "Procedures for Lending Funds to Other Parties and Endorsements/Guarantees".	✓	
7/11/2019 1st Meeting of the 3rd Term	1. The assignment of Mr. Jason K.L. Chang, Mr. Chih-Te Chen and Mr. Pan Howard Wei-Hao as the directors of Chia Hsin Property Management Development Corp.; and to assign Ms. Li-Hsin Wang as its supervisor. 2. The appointment of Jason K.L. Chang, Chairman of the Company and Pan Howard Wei Hao as members of the Subsidiary Supervisory Committee. 3. The appointment of key personnel including the Finance Officer Accounting Officer, Audit Division Officer and managers of the Company. 4. The loan of € 1.97 million to LDC ROME HOTELS S.R.L., which the Company holds 40% of its shares. 5. The guarantee endorsement of a mid to long term credit line of JPY 1.5 billion and a short-term credit line of JPY 1 billion taken out from Taishin International Bank, Tokyo Branch for the Company's subsidiary CHC Ryukyu COLLECTIVE KK. 6. The contract signing of the Management Agreement of InterContinental Okinawa Chura SUN Project of the Company's 100% own subsidiary CHC Ryukyu Development GK with IHG Japan (Management) LLC of InterContinental Hotel Groups.	✓	
8/13/2019 2nd Meeting of the 3rd Term	1.Review the company's consolidated financial statements for the second quarter of 2019. 2. The revision of budget for the second half of 2019. 3. The request of the Company's subsidiary Chia Hsin Property Management & Development Corporation for the Company to remain as the endorser and drawer of its promissory notes for the loan from the First Commercial Bank. 4. The endorsement of a short term credit line of JPY 600 million taken out from CTBC Bank Tokyo Branch for the Company's newly established subsidiary CHC Ryukyu COLLECTIVE KK in Japan. 5. The extension of the Cement Storage Service Agreement signed with Taiwan Cement Corporation.	✓	

Meeting date (Session)	Content of Motion	Items listed in Article 14-5 of the Securities and Exchange Act	Resolution of the audit committee and the Company's response
11/13/2019 3rd Meeting of the 3rd Term	1. The subscription of shares issued by the Company's subsidiary, YJ International Corporation for capital increase by cash in the amount of NTD 700 million.	✓	All members attended the meeting agreed to pass the motion items and submitted to the board of directors in which all attended directors approved without objection.
12/13/2019 4th Meeting of the 3rd Term	1. The extension of contracts signed with Tong Yang Chia Hsin International Corporation for Management of Keelung Storage and Transport Center and Cement Storage Service at the Port of Taichung. 2. The 2020 Audit Plan. 3. The endorsement of the short term loan taken out from CTBC Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu Development GK in Japan. 4. The endorsement of the short term loan taken out from Taishin International Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu Development GK in Japan. 5. The endorsement of the short term loan taken out from Taishin International Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu COLLECTIVE KK in Japan. 6. The endorsement of the short term loan taken out from CTBC Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu COLLECTIVE KK in Japan. 7. The 2020 Budget.	✓	
1/9/2020 5th Meeting of the 3rd Term	1. The loan of € 1.48 million to LDC ROME HOTELS S.R.L. which the Company holds 40% of its shares.	✓	
3/25/2020 6th Meeting of the 3rd Term	1. The 2019 internal control statement. 2. The draft of 2019 business report and financial statements. 3. The extension of the current CPAs and the service fee. 4. The proposal of 2019 earnings distribution of cash dividends for acceptance. 5. The amendments to the 2020 Audit Plan. 6. The signing of the third Supplementary Agreement with the Company's subsidiary Chia Pei International Corp.in supplement to the existing agreement on business cooperation of East No. 14 wharf and back side of East No. 13, 14, 15 and 16 wharves and terminal at Taipei Port First Bulk Cargo Center. 7. The signing of Storage and Transport Agreement with the Company' subsidiary Chia Pei International Corp. 8. The loan of € 800,000 to LDC ROME HOTELS S.R.L. which the Company holds 40% of its shares. 9. The repurchase of shares for purpose to transfer to employees.	✓	

(2) There were no resolved matters that did not pass the audit committee but approved by more than two-thirds of all directors.

2. For the implementation of the independent directors' avoidance of the interest, the name of the independent director, content of the proposal, reason for avoidance of interest, and the participation in voting shall be stated: There was no such situation.
3. Communications among independent directors, audit division officer and CPAs (such as matters, methods and communicating results regarding the Company's financial and business status): Audit division officer and CPAs of the Company communicated with and provided written reports to independent directors regarding the Company's financial, business, and internal control condition periodically.
   (1) Independent directors and CPAs met at least 2-3 times a year. The CPAs reported to the independent directors on the Company's financial position, the financial and overall operations of the Company's domestic and overseas' subsidiaries and discussed with the independent directors on key audit matters for the year and examination condition of internal control. Fully communicated for any material audit adjustment entries or statutes changes that affect the accounting situation. The Company's independent directors communicate well with the CPAs.
   (2) The audit division prepared the monthly audit report and follow up reports, and submitted to each independent directors for review and approval. If the independent directors have any questions or instructions after reviewing the audit report, they will inquire the audit division officer or provide suggestions. The audit division officer is in good communication with the independent directors.
   (3) Communication status between the independent directors and the audit division officer for 2019 were listed as follows:

Meeting date	Main communication items	Discussion results
1/17/2019 (BOD)	Execution report and communications regarding the audit for Oct, 2018.	Noted
2/20/2019 (BOD)	The amendments to the authorization chart for the "Duty Delegation Management Regulations".	After discussion, the item was proposed to the BOD for resolution.
3/27/2019 (BOD & Audit committee meeting)	1. Execution report and communications regarding the audit for Nov & Dec, 2018. 2. The 2018 internal control statement.	1. Noted. 2. After discussion, the statement was proposed to the BOD for resolution.
5/9/2019 (BOD)	Execution report and communications regarding the audit for Jan & Feb, 2019.	1. Independent director's suggestion: strengthen the description of the ratio or amount of sample items in the audit report. 2. Handling situation: Done.
6/21/2019 (Discussion meeting)	After the shareholders meeting, the independent directors and audit division officer discussed and exchanged opinions on the contents of the audit report.	1. Business visits to subsidiaries were planned for further understandings of subsidiaries' operation. 2. On 7/25, the independent director had a business visit to a subsidiary.
7/11/2019 (BOD)	Execution report and communications regarding the audit for Mar & Apr, 2019.	Noted
8/13/2019 (BOD)	Execution report and communications regarding the audit for May, 2019.	1. Independent Director's suggestion: Regarding the backup and storage of data, suggests to use cloud backup services to improve data security and save shipping costs. 2. Handling situation: In addition to the current backup method, IT division has evaluated and increased the cloud backup mechanism for transnational data.
10/1/2019 (Phone & Email Discussion)	Assist the audit committee chair to complete the relevant information about the "audit committee operation and needs survey" questionnaire.	Noted
11/13/2019 (BOD)	1. Execution report and communications regarding the audit for Jun~Aug, 2019. 2. The adoption of "Whistle blowing Policy".	1. Noted. 2. Independent Director's suggestion: Regarding the establishment of the whistleblower mailbox, considering the confidentiality and the feelings of the whistleblower; it is recommended to set the mailbox in the external cloud. 3. Handling situation: With the consent of the board of directors, the Whistleblower Policy has been revised to include the suggestion of the independent directors.
12/13/2019 (BOD & Audit committee meeting)	1. Execution report and communications regarding the audit for Sep, 2019. 2. The 2020 Audit Plan.	1. Noted. 2. Exchange opinions on the audit plan for the next year and the audit focus of the new business entity.
1/9/2020 (BOD)	Execution report and communications regarding the audit for Oct, 2019.	Noted
3/25/2020 (BOD & Audit committee meeting)	1. Execution report and communications regarding the audit for Nov & Dec, 2019. 2. The 2019 internal control statement.	1. Noted. 2. After discussion, the statement was proposed to the BOD for resolution.

The three independent directors of the audit committee of the Company have made suggestions in the meetings of the audit committee or the board of directors with no objections or qualifications. If there were any specific instructions and handling situations, they have been explained in the table above.

(4) Communication status between independent directors and CPAs for 2019 were listed as follows:

Meeting date	Main communication items	Discussion results
1/7/2019 (Discussion meeting)	1. The CPAs evaluated and explained the possible "Key Audit Matters" for the Company's financial report for 2018. 2. In accordance with the application of IFRS 16 from 1/1/2019, CPAs explained the impact assessment to management.	Noted
3/27/2019 (Audit committee meeting)	1. The CPAs explained the contents of the 2018 consolidated financial report and the type of audit opinion issued. 2. The CPAs explained and communicated the questions raised by the participants.	Noted and proposed to BOD for resolution
8/13/2019 (Audit committee meeting)	1. The CPAs explained the contents of the review of the consolidated financial report for the second quarter of 2019. 2. The CPAs explained and communicated the questions raised by the participants	Noted and proposed to BOD for resolution
12/13/2019 (Discussion meeting)	1. The CPAs evaluated and explained the possible "Key Audit Matters" for the Company's financial report for 2019. 2. The CPAs explained and communicated the questions raised by the participants.	Noted
3/25/2020 (Audit committee meeting)	1. The CPAs explained the contents of the 2019 consolidated financial report and the type of audit opinion issued. 2. The CPAs explained and communicated the questions raised by the participants.	Noted and proposed to BOD for resolution

Note 1: If any independent director left before the end of the year, the left date shall be disclosed. Rate of attendance in person (%) shall be calculated based on the number of meetings the independent director attended in person divided by the total number of meetings during his/her term of office. (No such incident this year)

Note 2: If there was re-election of independent director before end of the year, both former and current independent directors shall be listed and the date of re-election shall be disclosed. Rate of attendance in person (%) shall be calculated based on the number meetings the independent director attended in person divided by the total number of meetings during his/her term of office.

Note 3: Number of meetings in the most recent year and up to the publication date of the Annual Report: Eight meetings in 2019 and two meetings in 2020 (as of April 30, 2020.)

3.4.3 Implementation of Corporate Governance

Status of Corporate Governance and Variance from the "Corporate Governance Best Practice Principles for TWSE/ TPEx Listed Companies" and Reasons

Evaluation Items	Implementation Status (Note)			Variance from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
1. Does the Company establish and disclose its best-practice principles of Corporate Governance based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company's Corporate Governance Best-Practice Principles was approved at the board of directors' meeting in March 2015 and later amended and approved respectively in December 2016 and in May 2019. The amendments were disclosed on the Company's official website and MOPS. At the 427the BOD meeting held on December 13th, 2019, the Company established the organizational structure for its best-practice principles corporate governance in aim to strengthen the functions of the board of directors and to enhance information transparency.	None
2. Shareholding structure & shareholders' interest				
(1) Does the Company have internal control procedure for handling shareholders' suggestions, concerns, disputes and litigation matters and implement based on the procedure?	✓		(1) The Company's Corporate Governance Best-Practice Principles specifies internal control procedures for handling shareholders' suggestions, concerns, and disputes and establishes a spokesperson and deputy spokesperson system. The Company also has a Board Secretariat to fully support related affairs together with the shareholder service agent "Capital Securities Corporation" to handle shareholders' suggestions, concerns, disputes and litigation matters. Shareholders attending the Board of Directors' meeting are all given appropriate time to speak and discuss motions. The Company accepts any undisputed and feasible suggestions and makes improvements accordingly. However, for suggestions with disputes are to be resolved by voting in accordance to the rules and procedure of shareholders' meetings.	None
(2) Does the Company possess a list of major shareholders and beneficial owners of those shares?	✓		(2) The Board Secretariat and the shareholder service agency "Capital Securities Corporation" will monitor in control in whole time shareholdings of the directors, managers and major shareholders' holding more than 10% of the shares.	None
(3) Does the Company manage and executed any risk management and firewall system mechanism within its affiliates?	✓		(3) Basically, asset management, finance and accounting operations of the Company's affiliates are conducted independently. However, the Company has a subsidiary supervisory committee (formed by 2 to 4 directors or independent directors elected by the Board of Directors and the President) who are responsible together with Company's Audit Division to set up task forces including risk management, operations, financing, information system, Board of Directors and investment and to periodically monitor its subsidiaries and affiliates' business activities and for any potential risks and to make modifications, on a timely manner, on the risk management mechanism in order to prevent cause of malpractice which subsequently create risks to the Company.	None
(4) Does the Company establish and execute internal rules prohibiting inside trading on undisclosed information?	✓		(4) The Company establishes the "Procedures for Management of the Prevention of Inside Trading", which clearly prohibits any insiders from using undisclosed information on trading of securities. Such procedures and regulations are dedicated to a special unit responsible for execution.	None

Evaluation Items	Implementation Status (Note) Yes	No	Summary	Variance from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Company develop and execute a plan in aim to diversify the composition of its Board of Directors?	✓		(1) The Company takes into the consideration based on the needs of business plan and future development and in accordance with the Company's Articles of Incorporation to determine the number, nationality, background, skills and professional experiences of the directors Meanwhile, the decision serves as a reference for implementing the directors' diversity policy (Please see Table 1). At the present, the Company's board of directors is formed in diversity with expertise and business management experiences in various industries including university professors serving as directors and independent directors.	None
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee required by law?	✓		(2) In addition to the establishment of a remuneration committee in December 2011 and an audit committee voluntarily in June 2013, the Company also has a "Subsidiary Supervisory Committee" established in accordance with the internal control regulations. The Committee consists of 2 – 4 directors/independent directors selected by the Board of Directors and the President. A convener is elected by a majority vote and assembles task forces by requisitioning members from various department and business units. The Committee fulfills its duties of supervision and management by reviewing reports or motions periodically or irregularly submitted by the task forces.	None
(3) Does the Company establish and implement on annual basis the method of performance evaluation of the Board of Directors and to report the evaluation results to the Board of Directors and taken into consideration and references in rewarding of remuneration and position renewal?	✓		(3) The Board of Director's Meeting has approved the "Board Performance Evaluation Regulations" on May 9, 2019 and will proceed with the performance evaluation on annual basis accordingly. The 2019 performance evaluation of the Board of Directors has been approved at the Board of Directors' Meeting on March 25, 2020. The Board Performance Evaluation Regulation" includes the following five aspects : 1. Participation in the operation of the Company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control. The Result of 2019 Performance Evaluation of the Board of Directors Meeting are as below a. Self-evaluation of the Board of Directors: more than 80 % of the evaluation items in the above mentioned five aspects are evaluated "Excellent". b. Self-evaluation of the Functional Committee: more than 90 % of the evaluation items in the above mentioned five aspects are evaluated "Good". Performance evaluation procedures and regulations were fully disclosed on the Market Observation Post System (MOPS) and the Company's website.	None

Evaluation Items	Implementation Status (Note) Yes	No	Summary	Variance from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
(4) Does the Company regularly evaluate the independence of the CPAs?	✓		(4) The Company annually evaluates the independence of the CPAs and the results of the evaluation has been reported at the Audit Committee on March 27 2019 for approval by the board of directors. According to the evaluation of the Finance Department, Robert Yu and Angus Chang, the CPAs of Deloitte Taiwan, both met the Company's independent evaluation criteria, and were qualified to be the Company's CPAs. For the evaluation standards of CPAs' independence, please refer to Section 3.5 Information of Certified Public Accountants of this Annual Report.	None
4. Does the Company have suitable and proper numbers of corporate governance personnel, and designated corporate governance executives responsible for corporate governance-related affairs (including but not limited to providing directors, supervisors with the information needed to perform business, assisting directors, supervisors in complying with laws, handling works related to Board of Directors and Shareholders meetings as well as preparing related minutes)?	✓		On July 11, 2019, the Company' 424th meeting, the Board of Directors approved to appoint a chief corporate governance officer to establish and supervise the operation of the Company's governance unit responsible to handle matters related to Board of Directors' meetings and Shareholders' meeting and to provide the directors with any information required as well as regulations related to operating, assist the directors to comply with laws and regulations, produce the minutes of the board of directors and shareholders' meetings, matters related to investor relations and other matters prescribed by the Company's articles of association or contracts. In addition, in order to improve the quality of corporate governance, the Company's governance director and all members of the Board Secretariat passed the "Corporate Governance Fundamentals Test" conducted by the Securities and Futures Market Development Foundation in 2019.	None
5. Does the Company establish a communication channel and designate a website section for its stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Does the Company respond to all issues of stakeholders' concerns in terms of corporate social responsibilities?	✓		The Company's website has a "Corporate Social Responsibility" and "Interested Parties Area" for investors and other interested parties to reflect related issues, and is handled by a dedicated person to maintain their rights and interests. The Company Website: http://www.chcgroup.com.tw/index.php?route=csr/csr&cid=1.	None
6. Does the Company appoint a professional share agency to deal with shareholder affairs?	✓		The Company appoints "Capital Securities Corporation" as the share agent to handle the affairs of the Company's shareholders' meeting.	None
7. Information Disclosure				
(1) Does the Company have a corporate website to disclose all information regarding business, finance and corporate governance?	✓		(1) The Company's financial standings and status of corporate governance are disclosed at both websites of the Taiwan Stock Exchange and the Company website www.chcgroup.com.tw	None

Evaluation Items	Implementation Status (Note)			Variance from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(2) Does the Company have other information disclosure channels (e.g. English website, designated personnel to handle information collection and disclosure, spokesperson system, webcasting investor conferences, etc.)?	✓		(2) The Company has appointed a dedicated personnel to handle information collection and disclosure and implemented a spokesperson system. The materials of the annual investor conference will be posted on the Company website.	None
(3) Does the Company announce and file annual financial report within two months after the end of the fiscal year, and announce and file the first, second and third quarter financial reports and monthly operating conditions before the prescribed period?		✓	(3) The Company will carefully evaluate the feasibility of announcing and reporting the annual financial report within two months after the end of the fiscal year with the existing manpower. The Company has announced and filed the first, second and third quarter financial reports and information on monthly revenues as early as before the prescribed period.	None
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholder, Directors' and supervisors' training record, implementation of risk management policies and risk assessments, implementation of customer relations policies, insurances for directors and supervisors?	✓		1. The Company's 424th dated July 11, 2019 Board of Directors' meeting approved the appointment of the chief officer of corporate governance and respectively reported the corporate governance organization structure and 2020 annual execution plan during the 427th meeting of the board of directors on December 13, the same year. The Company's chief officer of corporate governance has completed 21 hours training as of January 2020. 2. With regards to employee rights and wellness, the Company compiled a comprehensive employee handbook, ethics regulation and employee benefits. Environmental protection is implemented in accordance with laws. 3. The Company has always paid full attention to its stakeholders' interests; including its suppliers, investors and or other interested parties and provided appropriate protection. 4. Training of director and independent directors / supervisors: In addition to the continuous education which directors and independent directors / supervisors take on their own, the Company arranges for directors and independent directors /supervisors to take term attending the courses on IFRS, corporate governance, risk management organized by the China Corporate Governance Association, the Republic of China Securities and Futures Development Foundation, the Republic of China Chamber of Commerce and Industry. Training records of directors and independent directors / supervisors have been disclosed on the Taiwan Stock Exchange Market Observation Post System in accordance with regulations. 5. Implementation of risk management policies and risk measurement standards: The Company's risk management policy is to control risks within the risk appetite and risk tolerance, and is evaluated by the audit office, audit committee, subsidiary supervisory committee risk management unit and corporate governance organization task force, including: market risk , policy risks, operational risks, financial risks, etc., and take relevant risk response measures and control activities, generate relevant information in the risk management process to communicate with each other, and implement the situation and to monitor the effectiveness of risk management. Details are disclosed on section 7.6 "Risk Analysis and Management" of this Annual Report. 6. Liability insurance coverage for directors and independent directors/supervisors: The Company has purchased liability insurance for directors and managers of the Company effective since June 2012. During their term of office, directors and managers shall be liable for compensation within the scope of their duties. 7. The Rules of procedure for shareholders meetings are disclosed and information are transparent in accordance with the regulations. All shareholders are invited to participate.	

9. Summary of Improvements as a result of the latest Corporate Governance Evaluation regulations announced by Taiwan Stock Exchange.

No.	Items of corporate governance evaluation	Implementation and improvement
2.3	Is the Company's Chairman and President or other equivalent rank of officer the same person (highest level manager) or is a spouse or a first degree kinship to each other? Is there an increase of number of independent directors and if there are more than half of the directors who are employees or managers of the Company?	On July 11, 2019, the Board of Directors approved the appointment of Li-Hsin Wang as the chief executive officer, and the chairman no longer concurrently acting as chief executive officer.
2.21	Does the Company designate a chief officer responsible for corporate governance related matters? Please specify his/her scope of duties, major tasks and continuous education on the Company's website and annual report?	On July 11, 2019, the Board of Directors approved the appointment of the chief officer of corporate governance and disclosed the information on the Company's website and was also specified in this section 3.4.3 of the annual report under Item 8 of the above mentioned Evaluation Items.
2.22	Has the Company's performance evaluation regulations approved by the Board of Directors? Has the self-evaluation been conducted at least once a year and the evaluation results been disposed on the Company's website or annual report?	The Board of Directors approved the "Board Performance Evaluation Regulations" on May 9, 2019. The results of the 2019 annual performance evaluation will be reported to the Board of Directors on March 25, 2020.
2.24	Does the Company establish an information security risk management framework, formulate information security policies and specify management plans and disclose that information on the Company's website or annual report?	The Company's website disclosed the information security policy and management plan in investor area of corporate governance section.
3.2	Does the Company make announcement on major information in English simultaneously?	In recent years, major information both in Chinese and English have been announced simultaneously.
3.20	Has the Company been invited (on its own) to hold at least two investor conference, and the first and last investor conferences were more than three months apart?	Yes, the Company held two investor conferences in 2019. It should be noted that the two conferences need to be held more than three months' apart.
4.1	Does the Company set up an appropriate governance structure to conduct and review corporate social responsibility policies, systems or related management policies, and disclose that information on the Company's website and annual report?	Yes. Disclosed on the Company's website in the investor area of corporate governance section.
4.6	Does the Company refer to international human rights conventions to conduct human rights protection policies and conduct specific management plans, and disclose that information on the Company's website or annual report?	Yes. Disclosed on the company's website in the corporate social responsibility section.
4.14	Does the Company's website or annual report disclose the identified interested parties' identity, concerns, communication channels and method of response?	The Company's website disclosed the communication performance of 2019 in the corporate social responsibility section.
4.16	Does the Company's website or annual report disclose the Ethical Corporate Management and specifies practices and plans to prevent dishonesty?	Yes. Disclosed on the Company's website in the investor area of corporate governance section.

Note: Please state a brief description in the summary column regardless whether yes or no is selected.

Table 1: Diversified Capabilities of the Directors

Title	Name	Nationality	Gender	Seniority as the Director of the Company	Diversified Capabilities						
					Finance	Commerce	Banking	Risk Management	Operation Management	Instructor	Industry Experience
Chairman	Jason K. L. Chang	ROC	M	19 years	✓	✓	✓	✓	✓		Cement
Director	Chi-Te Chen	ROC	M	28 years	✓	✓	✓	✓	✓		Construction
	Pan Howard Wei-Hao	USA	M	7 years	✓	✓	✓	✓	✓		Chemical Engineering
	Jeffrey H.H. Wang	ROC	M	3.5 years	✓	✓	✓	✓	✓		Biotechnology
Independent Director	Robert K. Su	ROC	M	4 years	✓	✓	✓	✓		✓	Finance, Accounting & Business Valuation
	Chia-Shen Chen	ROC	M	7 years	✓	✓	✓	✓		✓	Human Resource Management
	Kuan-Ming Chen	ROC	M	7 years	✓	✓	✓	✓	✓		Electronics

3.4.4 Composition, Duties, and Operation of Remuneration Committee

(1) Composition of the Remuneration Committee

Title (Note 1)	Criteria / Name	Meeting one of the following qualification requirement, together with at least 5 years work experience			Independent Criteria (Note 2)										No. of other public Company in which the individual is concurrently acting as member of Remuneration Committee	Remarks
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chia-Shen Chen	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Re-elected on 6/21 2019
Other	Chi-Lin Wea			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	Re-elected on 6/21 2019
Independent Director	Robert K. Su	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Re-elected on 6/21 2019

Note 1: List title as Director, Independent Director, or Other.
Note 2: Mark "✓" if applicable to the directors during the two years before being elected and during the term of the office.

Criteria 1: Not an employee of the Company or its affiliates.
Criteria 2: Not a director or supervisor of the Company or its affiliates. The same does not apply, however, in cases where the person is concurrently acting as an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
Criteria 3: Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
Criteria 4: Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding criteria 1 to 3.
Criteria 5: Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of total number of issued shares of the Company, or ranks as one of its top 5 shareholders, or appoints representatives as director or supervisor of the Company according to Article27-1-2 of the Company Act. The same does not apply, however, in cases where the person is concurrently acting as an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
Criteria 6: Not a director, supervisor, or employee of other companies having the same person controls more than half of the Company's director seats or voting shares. The same does not apply, however, in cases where the person is concurrently acting as an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
Criteria 7: Not a director, supervisor, or employee of other companies or institutions whose chairman and president or person of equivalent duties are the same person or spouses of each other. The same does not apply, however, in cases where the person is concurrently acting as an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
Criteria 8: Not a director, supervisor, manager, or shareholder with 5% shareholdings or more of specified companies or institutions having financial or business relationship with the Company. The same does not apply, however, in cases where the specified companies or institutions hold greater than 20% and lower than 50% of the Company's outstanding shares and the person is concurrently acting as an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
Criteria 9: Not a professional individual, an owner, partner, director, supervisor, an officer, or spouse thereof, of a sole proprietorship, partnership, company, or institution, who provides audit service or provides commercial, legal, financial, accounting, or other related services and received accumulated service fees of less than NTD 500,000 in the past two years, to the Company or any of its affiliates, provided that this restriction does not apply to any member of the compensation committee, public tender offer review committee, or mergers & acquisitions special committee who exercises powers pursuant to Securities and Exchange Act, Business Mergers & Acquisitions Act, or other related regulations.
Criteria 10: Not been a person of any conditions defined in Article 30 of the Company Act.

Duties of the Remuneration Committee:

The duties of the Remuneration Committee are to assess the salary and remuneration policies and systems of the directors and managers of the Company from a professional and objective position, and make recommendations to the Board of Directors for reference in their decision-making.

Authorities of the Remuneration Committee:

The Remuneration Committee shall, with duty of good care, faithfully perform the following duties and submit its recommendations to the Board of Directors for discussion:

1. Set up and regularly review the policies, systems, criteria and structures of the performance evaluation and remuneration for the Company's directors, independent directors, and managers.
2. Regularly review remuneration of the Company's directors, independent directors, and managers.

(2) Operation of the Remuneration Committee

1. The Company's Remuneration Committee has three members.
2. Terms of current members: 6/21/2019 ~ 6/20/2022.

Total of five (A) meetings of the Remuneration committee were held in the most recent year. Qualification and attendance of members were as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Rate of attendance in person (%) (B/A) (Note)	Remarks
Convener	Chia-Shen Chen	5	0	100%	
Member	Chi-Lin Wea	5	0	100%	
Member	Robert K. Su	5	0	100%	

Other required disclosure:

1. If the Board of Directors did not adopt or amend the recommendations of the Remuneration Committee, the meeting date, session, content of the motion, the resolution of the Board of Directors, and the settlement on the opinion of the Remuneration Committee shall be stated. (i.e. the remuneration approved by the Board of Directors was superior to that recommended by the Remuneration Committee, the differences and reasons shall be stated): None.
2. It there were objections or qualified opinions for records or with written statements of members of Remuneration Committee for the Committee resolutions, the meeting date, term, content of the motion, opinions of all members and the settlements shall be stated: None.

Note:

(1) If any member of the Remuneration Committee left before the end of the year, the date of resignation shall be disclosed. Attendance rate in person (%) shall be calculated based on the number of meetings the member attended divided by the total number of meetings during his/her term of office of.

(2) If there was re-election for members of the Remuneration Committee before the end of the year, the names of both the former and current members shall be listed and specify whether the members are former, new, or re-elected, as well as the date of the election shall be disclosed. Attendance rate in person (%) shall be calculated based on the number of meetings the member attended in person divided by the total number of meetings during his/her term of office.

(3) Number of meetings held in the most recent year and up to the publication date of the Annual Report include: Three meetings in 2019 and two meetings in 2020. (as of April 30, 2020)

Motions Discussed and Resolution Status of the Remuneration Committee were as follows:

Meeting Date	Members Attended	Content of Motion	Avoidance of Interest	Discussion & Resolution Status
7/30/2019 1st Meeting of The 4th Term	Chia-Shen Chen, Chi-Lin Wea, Robert K. Su	Recommendations of remuneration and attendance fee for newly elected Directors.		Unanimously resolved and proposed to Board of Directors for resolution.
		Recommendations of remuneration and attendance fee for newly elected members of Remuneration Committee.	No discussion based on avoidance of interest.	All members attended in person but recused themselves from the discussion and voting and submitted to the Board of Directors for resolution.
		Approve remuneration of Managers.		Unanimously resolved and proposed to Board of Directors for resolution.
10/15/2019 2nd Meeting of The 4th Term	Chia-Shen Chen, Chi-Lin Wea, Robert K. Su	Set up principles for the appointment of representative Directors and Supervisors and their Remuneration.		Unanimously resolved and proposed to Board of Directors for resolution.
12/26/2019 3rd Meeting of The 4th Term	Chia-Shen Chen, Chi-Lin Wea, Robert K. Su	Payment principles of 2019 year-end bonus for Manages and employees.		Unanimously resolved and proposed to Board of Directors for resolution.
		Amount of year-end bonus for Managers.		Unanimously resolved and proposed to Board of Directors for resolution.
		Additional payment of Lunar New Year for Directors.		Unanimously resolved and proposed to Board of Directors for resolution.
		Additional payment of Lunar New Year for Remuneration Committee members.	No discussion based on avoidance of interest.	All members attended in person but recused themselves from the discussion and voting and submitted to the Board of Directors for resolution.
3/12/2020 4th Meeting of The 4th Term	Chia-Shen Chen, Chi-Lin Wea, Robert K. Su	Distribution recommendation of 2019 rewards for employees and Directors.		All attended members unanimously resolved the amount of rewards recommended for employees and Directors. Actual provision % shall be calculated based on audited amount of net income before tax.
4/22/2020 5th Meeting of The 4th Term	Chia-Shen Chen, Chi-Lin Wea, Robert K. Su	2019 Directors reward distribution. 2019 Managers and employees rewards distribution.		Unanimously resolved and proposed to Board of Directors for resolution.

3.4.5 Implementation of Corporate Social Responsibilities

Evaluation Items	Implementation Status (Note 1)			Variance from "the CSR Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary (note 2)	
1. Does the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and establish relevant risk management policies or strategies? (Note 3)	✓		The Company values risk management by setting up a risk control team under the corporate governance organization and formulating questionnaires to collect and identify the impact of risk sources at all levels such as environment, finance, supply, and management. In addition to fully evaluate the environment, social, and corporate governance issues related to the Company's operations, risk assessment execution plans were prepared and regularly reported to the Board of Directors.	None
2. Does the Company set up a CSR unit (full or part-time), with designated personnel authorized by the Board of Directors to be in charge of and report CSR related matters to the Board?	✓		The Company Headquarters Office is the dedicated unit to promote CSR. At the end of year 2015, a cross-department and cross-corporate CSR team was established. In the year of 2019, the corporate governance structure and work plan including CSR were reported to the Board of Directors.	None
3. Environmental issues (1) Does the Company establish proper environmental management systems in line with the nature of the Company's business operations?	✓		(1) The personnel in the environmental safety department is responsible for formulating the company's safety, environmental protection and occupational health systems.	None
(2) Does the Company endeavor to utilize advanced and efficient use of renewable resources to reduce their impact on the environment?	✓		(2) To reduce the impact of environmental load, the Company takes actions to utilize the resources in an efficient manner, such as refusing disposable tableware to be used in restaurants operated by CHC group.	None
(3) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take action on climate-related issues?	✓		(3) The Company understands that climate change is an issue that must be faced in terms of sustainable development and has conducted relevant risk assessments to identify potential risks and opportunities. Corresponding measurement policies have been developed. Please refer to the "Risk Management" section of the Company's 2019 CSR report for details.	None
(4) Does the Company monitor the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and establish policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	✓		(4) The Company's statistics include the water consumption, total waste weight, and greenhouse gas emission in the past two years. In order to save energy and reduce carbon footprint, the Company will set annual goals to implement water and electricity conservation policies. Please refer to the "Environment Management "section of the Company's 2019 CSR report.	None

Evaluation Items	Implementation Status(Note 1)			Variance from "the CSR Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary(note 2)	
4. Social issues (1) Does the Company establish appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) CHC Group is committed to safeguard the basic human rights of employees. Human rights policy has been established, which focuses on the implementation of diverse and inclusive workplaces and ensuring equal job opportunities, smooth communication channels, providing a safe and healthy working environment, personal data protection. Review and evaluation of human rights related systems and actions has been conducted in a regular basis. The policy was signed and implemented by the chairman in January 2020.	None
(2) Does the Company set up and implement reasonable employee benefits measures (including compensation, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	✓		(2) The Company has reasonable employee welfare measures. 1. There are "Employee Compensation Management Measures", in which regulations related to employees' salaries are reasonably stated. There is also a "Performance Management Method", which is conducted for employee assessments, and to determine the amount of bonuses/employee compensation based on business performance and employee performance. 2. The working hours and vacations of employees are detailed in the Company's "Working Rules", which are in compliance with "Labor Standards Act", "Regulations of Leave-Taking of Workers", "Act of Gender Equality in Employment". 3. The company provides group insurance for employees, provides childcare welfare subsidies to serve employees with children under 12 years of age, and regularly allocates funds to the "Employee Welfare Committee" to provide employees with appropriate care in various aspects.	None
(3) Does the Company provide a healthy and safe working environment, with training on health and safety for its employees on a regular basis?	✓		(3) The Company provides regular health check-ups for employees; those with health condition will receive health guidance from the medical institution. The Company also provide staff fitness and sports facilities, such as fitness centers, yoga rooms, etc., and organizes health lectures to help employees adjust their physical and mental health and relieve stress. CHC group owned factories will carry out occupational safety drills and set up emergency response plans, designated environmental safety personnel is responsible for the matter.	None
(4) Does the Company provide its employees with career development and training sessions?	✓		(4) The Company has established "Education and Training Management Measures" to train employees in the skills required for career development.	None
(5) Does the Company comply with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling for its products and services, and make relevant consumer protection policies and complaint procedures?	✓		(5) The Company complies with relevant laws and regulations to ensure consumer rights. The Company has a customer service mailbox and a dedicated customer service line, which are clearly displayed on the company's website.	None

Evaluation Items	Implementation Status (Note 1)			Variance from "the CSR Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary (note 2)	
(6) Does the Company set up a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?		✓	(6) In terms of supplier selection, the Company pays attention to social image and social evaluation in addition to quality, price, payment terms, coordination, and delivery date. However, management policies have not been set in writing. Some supply contracts require suppliers to comply with environmental protection, labor human rights, occupational safety and health regulations, but has not been fully implemented.	The Company is formulating suppliers management policies and expected to implement in the second quarter of 2020.
5. Does the Company refer to internationally accepted reporting standards or guidelines for preparing reports on corporate non-financial information such as CSR reports? Does those reports mentioned in the preceding paragraph obtain the assurance or guarantee opinion of the third party verification unit?	✓		The Company compiles a corporate social responsibility report with reference to internationally accepted report preparation standards to disclose the company's non-financial information. BSI British Standards Association will be appointed to act as a third-party verification unit to provide AA1000 medium guarantee to the Company's 2019 CSR Report.	None

6. If the Company has established the CSR principles based on "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation:
The Company has formulated the Company's "Corporate Social Responsibility Policy" in accordance with the " Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies " in the year of 2015, revised it in due course, and submitted it to the board of directors for review and approval. At present, the company's operation is implemented in accordance with the set policies, and there is no difference.

7. Other important information to facilitate better understanding of the Company's CSR practices:
(1) The Company is committed to build a joyful workplace. In the year of 2019, the following are performed: Obtained the sports company badge; in order to provide a friendly environment for employees to raise children, a nursing room is set, and childcare subsidies to employees with children under 12 years of age are provided.
(2) Continued to co-operate with the Epoch Foundation for the Garage + program in the year of 2019, providing free premises to the creative team for office use, subsidizing leasing and management fees of about 4.5 million NTD per year, assisting young people in entrepreneurship, thus increasing the national employment rate.
(3) 2019 is the 65th anniversary of the Company's establishment. A public welfare carnival was held at the Yuanshan Flower Expo Hall on Nov. 2, 2019 where the Company sponsored charity booths and performances by different special needs groups. At the same time, carnival coupons were given to invite local neighborhoods to participate and promote society inclusiveness. The amount of related funds is 1.84 million NTD.
(4) To celebrate the 60th anniversary of Chia Hsin Foundation, celebration activities were expanded by printing out a thousand copies of "world is flat. my uneven: 270 days of innovation. Entrepreneurial youth rescue" to students who were awarded scholarships from the Chia Hsin Foundation and the Company's employees to empower everyone to have the courage to challenge and not giving up easily.
(5) The Company's donations to people in need:In the year of 2019, donated 100,000 NTD to Jieh Huey Social Welfare & Charity Foundation to care for the disadvantaged and disabled in rural areas.In the year of 2019, donated 100,000 NTD to the Taiwan Women on Board Association which focuses Taiwan's women directors and foster youth entrepreneurship.
(6) Chia Hsin Foundation held regular public welfare activities in the year of 2019:The 60th Chia Hsin Foundation Scholarships in 2019, a total 5.31 million NTD was awarded to students from disadvantaged families with excellent academic performance; the 55th Chung Hwa-Chia Hsin Sports Scholarship was 1.686 million NTD. Subsidized fees for schoolchildren tutoring in rural areas with approximately 2.71 million NTD.
(7) CHC group actively introduce international quality certification standards related to environmental sustainability to new business projects. For example, Hotel Collective is applying for LEED green building certification, aiming to thoroughly managed water, energy, and waste recycling; The postpartum center is applying for WELL certification to promote health and well-being inside the building. The central kitchen has passed HACCP and ISO22000 dual certifications shortly after the construction completed in 2019.

(8) In December 2019, Shuri Castle of Okinawa suffered a fire attack. The Company donated JPY 1 million in responding to the cultural heritage site Shuri Castle reconstruction project.
(9) The Company held employee tour and year end party annually to reward employees for their hard work. In December 2019, the two events were combined. As the completion of Hotel Collective, all employees were invited and travelled to Okinawa for a year end party and tour activities. By combining with the visit of the hotel, all employees obtained a better understanding of the transformation and development of the Company's new business.
(10) To give back the local residents of Okinawa for their support to the Company, during the soft opening period, Hotel Collective allowed local people to complimentary enter the hotel to enjoy a world-class photography art feast which demonstrated the Company's dedication in Okinawa and enrichment of Taiwan-Japan culture exchange. With "Open the Emotion" as the concept, the Company hosted the "ForeMost World Photography Awards Exhibition." For the first time, more than 300 award-winning works from the four major international photography exhibitions in France, the United States, Japan, and Russia were gathered in one place. In addition, Okinawa theme special exhibition was added. Mr. John Tao, a well-known Taiwanese photographer who has won an international award, was invited to go to Okinawa to take pictures, with a multi-faceted photographic work of culture, tradition, life, etc., which perfectly ties Okinawa's artistic connection with the world.

Note 1: If check "Yes" in the implementation status, should explain the important policies, strategies, measures, and operations; if check "No" in the implementation status, should explain the reasons and future plans for adopting related policies, strategies, and measures.
Note 2: Companies who have compiled a CSR report may specify the ways to access the CSR report and the page numbers of the cited content in the"summary description"column.
Note 3: Materiality principles refer to those matters have significant influence on the company's investors and other stakeholders in relation to environmental, social and corporate governance issues.

3.4.6 Implementation of Ethical Corporate Management

Evaluation Items	Implementation Status (Note)			Variance from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
1. Enactment of ethical corporate management policies and programs				
(1) Does the Company establish its ethical corporate management policies, approved by Board of Directors and declare the policies, implementation procedures as well as the commitments of Board of Directors and management to the implementation in its official charter and external documents issued?	✓		(1) The Company's "Code of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles" have been adopted by the 382nd and the 426th Meetings of Board of Directors on 25th March 2015 and 13th November 2019 respectively. The above two policies have been disclosed at the Company's internal and external websites. With the Board of Directors' and the management's commitments to a full implementation, the Company has stated in all agreements entered into the actions to be taken if the above policies are violated.	None
(2) Does the Company establish an evaluation mechanism for the risk of dishonesty behaviors, regularly analyzes and evaluates business activities with a higher risk of dishonesty behaviors in the business scope, and make a plan to prevent dishonesty behaviors, which includes precautionary measures at least covers the behaviors described in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(2) The Company has declared clearly what types of behaviors are forbidden in its relevant working guidelines and "Ethical Corporate Management Best Practice Principles". The Company regularly promotes the same in its working regulations and operation manuals and requires its employees to prevent from committing violations.	None
(3) Does the Company clearly set out the operating procedures, behavior guidelines, punishment and appeal system for violations in the dishonesty behavior prevention plan, carry out the implementation, and regularly review and revise the plan?	✓		(3) To ensure the implementation of "Ethical Corporate Management Best Practice Principles" , the Company has duly established the accounting and the internal control systems and relevant management guidelines to help execute these principles. The designated Audit Division shall submit regular report on unethical and dishonest acts which are business-related to the management. The violators will be punished and posted based on the above ethical corporate management policies.	None
2. Carry out the implementation of ethical corporate management				
(1) Does the Company evaluate business partners' ethical records and incorporate ethics-related clauses in business contracts?	✓		(1) The Company regularly reviews and evaluates all business partners' ethical records and terminates relationship with those partners of unsatisfactory results. For full implementation, the Company has urged all suppliers to comply with its "Code of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles". Therefore, the ethics-related clauses are incorporated in the Company's agreements with all its suppliers.	None
(2) Does the Company establish a dedicated unit (full or part-time) supervised by the Board of Directors to be in charge of Ethical Corporate Management Best Practice Principles and regularly (at least once a year) report the implementation and supervision status to the Board of Directors?	✓		(2) The Audit Division is responsible for an annual report on Corporate Social Responsibility (CSR) including formulating ethical corporate management policies and supervising its implementation. The Headquarters Office will make a status report on the implementation and supervision to the Board of Directors on a regular basis.	None
(3) Does the Company establish policies to prevent conflicts of interest and providing channels to report such conflicts?	✓		(3) The Company provided that no manager shall engage in anything falling in their work scope involving conflicts of interest of the Company unless restrictions are resolved or waived otherwise by the Board of Directors and the Shareholders' Meeting. Once a conflict of interest exists, such member shall not participate in the discussion and shall not exercise voting rights attached thereto in order to avoid any violation of ethical corporate management principles. However, such member is entitled to tender a written statement on this particular issue which is an integral part of the meeting minutes. The standard procedure for employees to report any potential cases of conflicts of interest is set up by the Company.	None
(4) Does the Company establish effective accounting and internal control systems to facilitate ethical corporate management, formulate audit plan and conduct examination based on results of risk assessment to check the compliance by internal auditor or engage CPAs to perform the audit?	✓		(4) The Company has also established the accounting and the internal control systems and relevant management procedures to enforce these ethical principles. Based on the results of risk assessment, the Audit Division has formulated its audit plan, which enables it to conduct an annual review of internal control, exams its effectiveness and revises the audit plan accordingly if needed.	None
(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	✓		(5) Internal training workshops on ethical corporate management are held regularly for employees. All relevant ethical corporate management policy updates are also announced in the Company's internal meetings from time to time.	None
3. Reporting ethical violations				
(1) Does the Company establish a reporting and incentive system to facilitate the processing of complaints, and assigning personnel or unit to handle the cases?	✓		(1) "Internal Procedures for Reporting Illegal, Unethical and Dishonest Acts" has been adopted by the 426th Meeting of the Board of Directors on 13th November 2019. The Company has assigned its Audit Division to help collect complaints via three following channels: a direct complaint hotline at Tel: 886-2-2551-2317, a regular mail with attention to the Manager, the Audit Division and an exclusive complaint email address at chcgroup.audit@gmail.com Based on the above procedures, whistleblower(s) that have provided sufficient and proper evidence will be rewarded upon completion of the investigation.	None

Evaluation Items	Implementation Status (Note)			Variance from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
(2) Does the Company establish standard investigation procedures, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms for reports received?	✓		(2) A standard investigation procedure is established to review the relevant complaints on any illegal, unethical and dishonest acts. After the initial investigation by the Audit Division, a Special Committee may be assigned to do further in-depth investigation if needed and to report its final result to the Chairman of the Company. In circumstances of complaints involving Company Directors or senior management, the Special Committee will report to the Head of the Audit Committee. All complaints and investigation documents will be kept in absolute confidentiality for five years.	None
(3) Does the Company provide proper whistleblower protection?	✓		(3) The Company makes every effort to provide the whistleblower(s) with protection, including all of personal identification, accusation details and relevant information of both the whistleblower(s) and the accused are kept as extreme confidential.	None
4. Enhancing information disclosure Does the Company disclose relevant and reliable ethical corporate management related information in its website and MOPS?	✓		"Code of Ethical Conduct"and "Ethical Corporate Management Best Practice Principles" are disclosed on the Company's website and its internal bulletin board for employees to follow accordingly, also on MOPS.	None
5. If the Company has established the ethical corporate management policies based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancies between the policies and their implementation: No discrepancies found.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management practices: (e.g., review and amendment of the policies) The Company's "Ethical Corporate Management Best Practice Principles" has been amended and adopted by the 426th Meeting of the Board of Directors on 13th November 2019. The Company complies with the Company Law, the Securities and Exchange Act, relevant regulations for listed companies, and other relevant laws and regulations on business practices which collectively form the basis of our implementation of ethical corporate management. Please refer to Ethical Corporate Management and Code of Ethical Conduct in the Company's CSR Report.				

Note: Provide a brief description in the summary column regardless whether yes or no is selected.

3.4.7 Access to Corporate Governance Rules and Regulations

The Company has established Corporate Governance related regulations which can be found in the Company's website as follow under the "Investor Information/Corporate Governance/Important Internal Regulations" section.
http://www.chcgroup.com.tw/index.php?language=en

3.4.8 Other Important Information to Facilitate Better Understanding of the Company's Corporate Governance Practices

Relevant personnel are encouraged to participate in various corporate governance courses or seminars, such as practical workshops for directors and supervisors, IFRS seminars or courses, and the setting and operation of the Remuneration Committee. In addition, the Company is also group member of the Internal Audit Association of the Republic of China, the Accounting Research and Development Foundation, the Information Managers Association, the Public Issuing Company Stock Association, attending regular members meetings and seminars on topics relating to fraud and corporate governance, forensic accounting, and accounting manager's continuing educations to improve the operation of corporate governance and reduce the occurrence of risks.

Managers attending Corporate Governance related Educational and Training Courses or Seminars were as follows:

Title	Name	Course	Date Begin	Date End	hours
President	Shih-Chu Chi	Gender Equality	12/18/2019	12/18/2019	2
Chief officer of Corporate Governance, EVP and CEO of Headquarters Office	Li-Hsin Wang	Opera System (I)	08/05/2019	08/05/2019	6.5
		Corporate management and media public relations strategies / communication practices and applications	08/14/2019	08/14/2019	6
		Transforming KPI: Measuring, Monitoring & Managing " Value Creation" in the Digitizing Enterprise	11/20/2019	11/22/2019	18
		Gender Equality	12/18/2019	12/18/2019	2
Finance Officer	Jane YC Chou	Key points for the revision of the Company Act	01/18/2019	01/18/2019	2
		Management Communication Series - Effective Communication and Teamwork (I)	03/15/2019	03/15/2019	6
		Impact of tax heaven economic substance and corresponding measures for international group	04/18/2019	04/18/2019	1.5
		Office skill series - OA System operation and application	05/17/2019	05/17/2019	1.5
		The economic substantive laws must be aware of; the impact of post-CRS and funds repatriation regulations	05/24/2019	05/24/2019	2
		Introduction of Hotel Information System	06/12/2019	06/12/2019	2
		2019 Management enhancement series - Performance interviews and employee motivation	06/26/2019	06/26/2019	7
		Bank Sinopac Economic Outlook Seminar: Economic Outlook as US-China Trade War Heats Up	07/05/2019	07/05/2019	3
		Seminar on legal compliance of insider equity transactions	7/17/2019	7/17/2019	3
		Opera System (I)	08/05/2019	08/05/2019	6.5
		Management Communication Series - Effective Communication and Teamwork (II)	08/16/2019	08/16/2019	6
		Information security	08/22/2019	08/22/2019	2
		Opera System (II)	08/23/2019	08/23/2019	6.5
		Management and utilization of repatriated offshore funds	09/05/2019	09/05/2019	3.5

Title	Name	Course	Date Begin	Date End	hours
Finance Officer	Jane YC Chou	Impact of Economic Substance laws of Tax Heaven and Possible response strategies of multinational groups	09/19/2019	09/19/2019	2.5
		Department Goals setting management	09/14/2019	09/14/2019	7
		CTBC "The Changing Wave of Funds-Seminar on Returning Overseas Funds to Taiwan"	09/25/2019	09/25/2019	3
		Office skill series – documents writing skill	10/18/2019	10/18/2019	2
		Gender Equality	12/18/2019	12/18/2019	2
Accounting Officer (Dismissed on 7/11/2019)	Susan Chuang	Management Communication Series - Effective Communication and Teamwork (I)	03/15/2019	03/15/2019	6
		Office skill series - OA System operation and application	05/17/2019	05/17/2019	1.5
		2019 IFRS Seminar	06/03/2019	06/03/2019	4
		Introduction of Hotel Information System	06/12/2019	06/12/2019	2
		Annual Meeting of Taiwan Institute of Directors-Fast 100 X Shareholders' Value	06/26/2019	06/26/2019	4
Accounting Officer (Appointed on 7/11/2019)	Mars Feng	Opera System (I)	08/05/2019	08/05/2019	6.5
		Management Communication Series - Effective Communication and Teamwork (II)	08/16/2019	08/16/2019	6
		Information security	08/22/2019	08/22/2019	2
		Opera System (II)	08/23/2019	08/23/2019	6.5
		Prospective of The Management, Utilization and Taxation of Repatriated Offshore Funds Act	09/05/2019	09/05/2019	3.5
		Department Goals setting management	09/24/2019	09/24/2019	7
		2019 Seminar and Forum on The Management, Utilization and Taxation of Repatriated Offshore Funds Act	09/25/2019	09/25/2019	3.5
		Newly appointed Accounting Officer professional training courses based on "Regulations Governing the Qualification Requirements & Professional Development of Accounting Officer of Issuers, Security Firms , and Security Exchange."	10/01/2019	10/09/2019	30
		Discussion seminar on "Legal framework & supporting measures on shares repurchased according to Article 235-1 of the Company Law and distributed as unpaid employees' compensation by Exchange-listed and OTC-listed companies."	10/16/2019	10/16/2019	3
		Introduction and checkpoints of IFRS(16-Lease)&(9-Financial Instruments)	10/17/2019	10/17/2019	6.5
		Management enhancement series – Role of managers and team built	11/15/2019	11/15/2019	7
		Gender Equality	12/18/2019	12/18/2019	2

3.4.9 Internal Control System Execution Status

(1) Internal Control Statement

Chia Hsin Cement Corporation Limited

Statement of Internal Control System

Date: March 25, 2020

Based on the findings of a self-assessment, Chia Hsin Cement Corporation Limited (CHC) states the following with regard to its internal control system during the year 2019:

1. The board of directors and management of CHC are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. The effectiveness of an internal control system may be subject to chances due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and CHC takes immediate remedial actions in response to any identified deficiencies.
3. CHC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. CHC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, CHC believes that, on December 31, 2019, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of CHC's annual report for the year 2019 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was passed by the Board of Directors in their meeting held on March 25, 2020, with all 6 attending directors affirming the content of this Statement.

Chia Hsin Cement Corporation Limited

Jason K.L. Chang ,
Chairman

Shih-Chu Chi,
President

Shih-chu Chi

(2) CPA's audit report if the Company engaged CPA to audit its internal control system: None.

3.4.10 Penalties for Violations of Regulations or the Company's Internal Control System in the Past Year and up to the Publication Date of the Annual Report and Improvement Measures: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings in the Past Year and up to the Publication Date of the Annual Report:

1. Major resolutions of the Annual General Shareholders' Meeting

Year	Date	Major Resolution	Remarks
2019	6/21/2019	1. Approved 2018 Business and Financial Statements.	1. Announcement has been made on the same date and in accordance with resolution of the shareholders' meeting.
		2. Approved the proposal of 2018 profit distribution that to set aside NTD771,780,548 as dividend to shareholders (estimated to be NTD1.00 cash dividend per share). The above dividend shall be first distributed from 2018 net profits after tax.	2. Profit distribution has been completed in accordance with the resolution; the Board of Directors resolved to set 9/4/2019 as the record date for cash dividend distribution and was completed on 9/26/2019.
		3. Approved the amendments to the "Procedures for Acquisition or Disposal of Assets".	3. Announcement has been made on the same date and in accordance with resolution of the shareholders' meeting.
		4. Approved the amendments to the "Procedures for Lending Funds to Other Parties and Endorsements /Guarantees".	4. Announcement has been made on the same date and in accordance with resolution of the shareholders' meeting.
		5. Approved the amendments to the "Articles of Incorporation" of the Company.	5. Announcement has been made on the same date and in accordance with resolution of the shareholders' meeting.
		6. Denied the proposal made by shareholders JUN-RONG, HUANG, GUI-MEI, LU and CHUN-YI, HUANG that for future annual shareholders' meetings not to give out souvenirs for reason of cost saving.	6. Announcement has been made on the same date and in accordance with resolution of the shareholders' meeting.
		7. Approved the election of 7 directors (including 3 independent directors). List of the newly elected directors and votes received is shown as follows: No. / Director / Votes received 1 / Jason K.L. Chang / 848,999,546 votes 2 / Tong Yang Chia Hsin Int'l Corp. Representative::Pan Howard Wei-Hao / 829,605,274 votes 3 / Chi-Te Chen / 822,216,100 votes 4 / Tong Yang Chia Hsin Int'l Corp Representative::Jeffrey H. H. Wang / 820,270,299 votes No. / Independent Director / Votes received 1 / Robert K. Su / 29,449,841 votes 2 / Chia-Shen Chen / 28,551,502 votes 3 / Kuan-Ming Chen / 28,226,561 votes	7. Announcement of the result of re-elections of Board of Directors has been made on the same date and in accordance with resolution of the shareholders' meeting and change of registration with the Department of Commerce of Ministry of Economic Affairs has been completed on 7/18/2019.
		8. Approved to release the newly elected directors from non-competition restrictions.	8. Announcement has been made on the same date and in accordance with resolution of the shareholders' meeting.

2. A total of 11 meetings of the Board of Directors were held during January 1, 2019 to April 30th, 2020. Major resolutions of each meeting were as follows:

Meeting	Date	Major Resolutions
419	1/17/2019	1. Approved the loan of € 1.48 M to LDC ROME HOTELS S.R.L., which the Company holds 40% of its shares. 2. Approved the payment plan of year end cash bonuses to the managers for 2018 (including employees). 3. Approved the amount of cash bonuses to the managers for 2018. 4. Approved the amount of Chinese Lunar New Year cash bonuses to the directors for 2018 (not including the independent directors who are concurrently members of the Remuneration Committee). 5. Approved the amount of Chinese Lunar New Year cash bonuses to members of the Remuneration Committee for 2018 (including the independent directors who are concurrently members of the Remuneration Committee). 6. Approved the proposal to compensate additional remuneration to the directors in 2018; the three independent directors Robert K. Su, Chia-Shen Chen and Kuan-Ming Chen have waived the right to receive the remuneration.
420	2/20/2019	1. Approved the amendments to the authorization chart for the "Duty Delegation Management Regulations". 2. Approved the transfer of partial shares of the Company's subsidiary, Chia Hsin Construction & Development Corporation. 3. Approved the special motion to report of investment risk profiling questionnaire for the Company's foreign currency account at BNP Paribas in Hong Kong.
421	3/27/2019	1. Approved the 2018 rewards for employees and directors and to report at the 2019 Annual General Shareholders' Meeting. 2. Approved the 2018 internal control statement. 3. Approved the proposal to elect 7 directors (including 3 independent directors) for the next term of office. 4. Approved the nominees of directors of the Company. 5. Approved the proposal to release the newly elected directors from non-competition restriction at the 2019 Annual General Shareholders' Meeting. 6. Approved the extension of the current CPA's and the service fee. 7. Approved the draft of 2018 business report and financial statements for acceptance at the 2019 Annual General Shareholder's Meeting. 8. Approved the proposal of 2018 profit distribution of cash dividends for acceptance at the 2019 Annual General Shareholders' Meeting. 9. Approved the date, venue and relevant matters of the 2019 Annual General Shareholders' Meeting. 10. Approved the adoption of nomination of directors at the 2019 Annual General Shareholders' Meeting and related procedures. 11. Approved the adoption of proposals made by shareholders at the 2019 Annual General Shareholders' Meeting and related procedures.
422	5/9/2019	1. Approved the amount of 2018 rewards to directors. 2. Approved the amount of 2018 rewards for managers. 3. Approved the adoption of the "Directors' Proposals Handling Rules". 4. Approved the adoption of "Rules of Performance Evaluation of the Board of Directors". 5. Approved the amendments to "Corporate Governance Best Practice Principles". 6. Approved the amendments to the "Articles of Incorporation". 7. Approved the amendments to the "Procedures for Acquisition or Disposal of Assets". 8. Approved the amendments to the "Procedures for Lending Funds to Other Parties and Endorsements/Guarantees". 9. Approved the review of proposal made by shareholders Chun-Jung Huang, Gu-Mei Lu and Chun-Yi Huang to include the motion as the matter for discussion at the 2019 Annual General Shareholders' Meeting. 10. Approved the nomination of Mr. Chung-Jung Huang as one of the candidates for election of directors (including independent directors) at the 2019 Annual General Shareholders' Meeting. 11. Approved the additional cause of subjects of the 2019 Annual General Shareholders' Meeting and change of meeting agenda.

Meeting	Date	Major Resolutions
423	6/21/2019	1. In accordance with Article 15 of the Company's Article of Incorporation, Mr. Jason K. L. Chang was elected as the Chairman of the Board. 2. Approved the appointment of Mr. Chi-Lin Wea, Mr. Chia-Shen Chen and Mr. Robert K. Su as members of the Company's Remuneration Committee.
424	7/11/2019	1. Approved the contract signing of the Management Agreement of InterContinental Okinawa Chura Sun Report Project of the Company's 100% own subsidiary CHC Ryukyu Development GK with IHG Japan (Management) LLC of InterContinental Hotel Groups. 2. Approved the loan of € 1.97 million to LDC ROME HOTELS S.R.L., which the Company holds 40% of its shares. 3. Approved the guarantee endorsement of a mid to long term credit line of JPY 1.5 billion and a short-term credit line of JPY 1 billion taken out from Taishin International Bank, Tokyo Branch for the Company's subsidiary CHC Ryukyu COLLECTIVE KK. 4. Approved the appointment of Jason K.L. Chang, Chairman of the Board, and Pan Howard Wei Hao as members of the Subsidiary Supervisory Committee. 5. Approved the assignment of Mr. Jason K.L. Chang, Mr. Chih-Te Chen and Mr. Pan Howard Wei-Hao as the directors of Chia Hsin Property Management Development Corp; and to assign Ms. Li-Hsin Wang as its supervisor. 6. Approved the renewal of Mr. Shih-Chu Chi as the President of the Company. 7. Approved the renewal of Ms. Li-Hsin Wang as the Executive Vice President of the Company. 8. Approved the appointment of Ms. Li-Hsin Wang as CEO of Headquarters. 9. Approved the appointment of key personnel including the Finance Officer Accounting Officer, Audit Division Officer and managers of the Company. 10. Approved to release the managers from non-competition restrictions.
425	8/13/2019	1. Approved the remuneration and attendance fee of the newly elected directors (not including remuneration for the independent directors who concurrently serve as member of the Remuneration Committee). 2. Approved the remuneration of the newly appointed members of the Remuneration Committee (including the independent directors who concurrently serve as the member of the Remuneration Committee). 3. Approved the remuneration of the managers including the CEO, President and Executive Vice President of the Company. 4. Approved the adoption of the 2018 record date for distribution of cash dividends. 5. Approved the extension of the Cement Storage Service Agreement signed with Taiwan Cement Corporation. 6. Approved the request of the Company's subsidiary Chia Hsin Property Management & Development Corporation for the Company to remain as the endorser and drawer of its promissory notes for the loan from the First Bank. 7. Approved the endorsement of a short term credit line of JPY 600 million taken out from CTBC Bank Tokyo Branch for the Company's newly established subsidiary CHC Ryukyu COLLECTIVE KK in Japan. 8. Approved the revision of budget for the second half of 2019.
426	11/13/2019	1. Approved the adoption of remuneration policy for corporate directors and supervisors. 2. Approved the amendment of "Procedures for Ethical Corporate Management Best Practice Principles"of the Company. 3. Approved the adoption of "Whistle blowing Policy". 4. Approved the purchase of shares issued by the Company's subsidiary, Yun Chia International Corporation for capital increase by cash in the amount of NTD 700 million.

Meeting	Date	Major Resolutions
427	12/13/2019	1. Approved the new appointment of Mr. Shih-Chu Chi as director of the Company's subsidiary, Chia Hsia Property Management & Development Corporation. 2. Approved the extension of contracts signed with Tong Yang Chia Hsin International Corporation for Management of Keelung Storage and Transport Center and Cement Storage Service at the Port of Taichung. 3. Approved the 2020 Audit Plan. 4. Approved the signing of the mid-term credit line with the CTBC Bank. 5. Approved the same credit line with the financial institutions in 2020. 6. Approved the endorsement of the short term loan taken out from CTBC Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu Development GK in Japan. 7. Approved the endorsement of the short term loan taken out from Taishin International Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu Development GK in Japan. 8. Approved the endorsement of the short term loan taken out from Taishin International Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu COLLECTIVE KK in Japan. 9. Approved the endorsement of the short term loan taken out from CTBC Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu COLLECTIVE KK in Japan. 10. Approved the 2020 Budget.
428	1/9/2020	1. The loan of € 1.48 million to LDC ROME HOTELS S.R.L. which the Company holds 40% of its shares. 2. Approved the adoption of 2019 year-end bonus payment policy of the Chairman and managers (including employees). 3. Approved the amount of 2019 bonus payment of the Chairman and managers. 4. Approved the amount of Lunar New Year bonus payment of the directors (not including the independent directors who are concurrently members of the Remuneration Committee). 5. Approve the proposed amount of Lunar New Year bonus payment of the members of the Remuneration Committee (including the independent directors who are concurrently members of the Remuneration Committee.
429	3/25/2020	1. Approved the 2019 rewards to the employee. All attended directors agreed that Chairman will not receive personal rewards and other directors will receive 50% of the rewards. The resolution will be reported at the General Shareholders' Meeting for acceptance. 2. Approved the distribution of employee's compensation. 3. Approve the year-end remuneration. 4. Approved the signing of the third Supplementary Agreement with the Company's subsidiary Chia Pei International Corp. in supplement to the existing agreement on business cooperation of East No. 14 wharf and back side of East No. 13, 14, 15 and 16 wharves and terminal at Taipei Port First Bulk Cargo Center. 5. Approved the signing of Storage and Transport Agreement with the Company' 100% owned subsidiary Chia Pei International Corp. 6. Approved the 2019 Internal Control Statement. 7. Approved the amendments of 2020 Audit Plan. 8. Approved the extension of the CPAs and their service fees. 9. Approved the draft of 2019 Business Report and Financial Statement for acceptance at the General Shareholders' Meeting. 10. Approved the 2019 earnings distribution for acceptance at the General Shareholders' Meeting. 11. Approved the plan to repurchase of 7,000, 000 common shares to be transferred to employees. The resolution will be reported at the General Shareholder's' Meeting for acceptance. 12. To convene 2019 General Shareholders' Meeting. 13. Approved the loan in the amount of € 800,000 to LDC ROME HOTELS S.R.L. which the Company holds 40% of the shares.

3.4.12 Recorded or Written Dissenting Comments made by Directors on Important Resolutions Resolved by Board Meetings in the Past Year and up to the Publication Date of the Annual Report: None.

3.4.13 Resignation or Dismissal of Chairman, President and Key Officers in the Past Year and up to the Publication Date of the Annual Report:

Summary of the resignation or dismissal of Key Officers

As of April 30, 2020

Title	Name	Date Appointed	Date Dismissed	Reason for Resignation/Dismissal
Chief Corporate Governance Officer	Li-Hsin Wang	7/11/2019	NA	Appointment
CEO of Headquarters Office	Li-Hsin Wang	7/11/2019	NA	Appointment
	Jason K.L. Chang	4/1/2015	7/11/2019	Position change
Accounting Officer	Mars Feng	7/11/2019	NA	Appointment
	Susan Chuang	7/5/2013	7/11/2019	Position change

Note: Key Officers include CEO, EVP, Corporate Governance, Finance, Accounting, Audit Division and R&D Officers.

3.5 Information of Certified Public Accountant

3.5.1 Certified Public Accountant Fees

Information of CPA audit fee

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
Deloitte Taiwan	Robert Yu	Angus Chang	2019.01.01~2019.12.31	

Unit: NTD thousands

	Fee Range \ Fee Items	Audit Fee	Non-audit Fee	Total
1	Under 2,000		✓	
2	2,000 (inclusive) ～4,000			
3	4,000 (inclusive) ～6,000	✓		✓
4	6,000 (inclusive) ～8,000			
5	8,000 (inclusive) ～10,000			
6	Above 10,000 (inclusive)			

1. If amount of non-audit fees paid to the CPA, the Accounting firm, and its affiliates above one-fourth of the total audit fees, related information shall be disclosed as follows:

Unit: NTD thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System Design	Company Registration	Human Resource	Others (Note 1)	Subtotal		
Deloitte Taiwan	Robert Yu Angus Chang	5,300	-	-	-	485	485	2019.01.01~2019.12.31	

Note 1: Investment structure: 250; Transfer pricing: 200; Others: 35.

2. Changed the accounting firm and the audit fee of the changed year is less than that of the year before change:None.
3. The audit fee of the year is less than that of the previous year by over 15%:None.
4. Evaluation of the external auditors' independence:The Audit Committee regularly monitors the independence of external auditors by conducting the following evaluation and reports to the Board of Directors.
   (1) The auditors' independence declaration.
   (2) All audit services shall be approved by the Audit Committee before engagement.
   (3) Annually evaluates the independence of the external auditors and summarizes the independent evaluation results by conducting the auditor independent survey (note).

Note: Important evaluation items of the external auditors' independence:

Items	Content	Meet or Not	
		Meet	Not
1	The professional accountants should avoid and not accept the engagement when they may have involved in any direct or material indirect interests which may impair their impartiality and independence.	✓	
2	A professional accountant shall have independence of mind and in appearance, to provide audit, review, or verification on financial statements, special audit, and express an opinion. The members of the audit team, accounting firm and any of its affiliates shall also maintain their independence.	✓	
3	A professional accountant shall be honest, objective and keeping the spirit of independence.	✓	
4	Whether the independence is impaired by self-interest, self-assessment, defense, familiarity and force.		✓
5	Is not under any of the followings: (1) The CPA has not been punished by the Competent Authority referred to in Article 37 of Securities and Exchange Act. (2) The CPA has not served as the Company's auditor for seven consecutive years or have impaired their independence. (3) The CPA has not use his power to compete unfairly.	✓ ✓ ✓	

3.5.2 Change of Certified Public Accountant: None

3.5.3 Chairman, President, Finance and Accounting Officers who have been Employed by the Company's CPA firm or its Affiliates in the Past Year: None

3.6 Changes in the Transfer and Pledge of Shares made by Directors, Managers, and Shareholders with 10% Shareholdings or more

(1) Changes in Shareholding of Directors, Managers and Major Shareholders

Title	Name	2019		Current Year Up to April 24, 2020	
		Net Change in Shareholding	Net Change in Share Pledged	Net Change in Shareholding	Net Change in Share Pledged
Chairman	Jason K.L. Chang	0	0	0	0
Director	Chi-Te Chen	0	0	0	0
Director	Tong Yang Chia Hsin Int'l Corp.	0	0	0	0
Representative of Corporate Director	Pan Howard Wei-Hao	0	0	0	0
Representative of Corporate Director	Jeffrey H.H. Wang (Note 2)	0	0	0	0
Independent Director	Robert K. Su	0	0	0	0
Independent Director	Chia-Shen Chen	0	0	0	0
Independent Director	Kuan-Ming Chen	0	0	0	0
President	Chih-Chu Chi	0	0	0	0
Executive V.P. Also CEO of Headquarters Office and Chief Officer of Corporate Governance	Li-Hsin Wang (Note 3)	0	0	0	0
Finance Officer	Jane Y.C. Chou	0	0	0	0
Accounting Officer	Mars Feng (Note 4)	0	0	0	0
Major Shareholder (16.44%)	Tong Yang Chia Hsin Int'l Corp.	0	0	0	0
CEO of Headquarters Office	Jason K.L. Chang (Note 5)	0	0	0	0
Accounting Officer	Susan Chuang (Note 5)	0	0	0	0

Note 1: Shareholders with 10% shareholdings or more shall be stated separately as Major shareholder.
Note 2: Jeffrey H.H. Wang, the representative director of Tong Yang Chi Hsin Int'l Corp. passed away on 1/13/2020 and was automatically dismissed.
Note 3: Li-Hsin Wang was appointed as CEO of Headquarters Officer and Chief Officer of Corporate Governance on 7/11/2019.
Note 4: Mars Feng was appointed as Accounting Officer on 7/11/2020.
Note 5: Dismissed on 7/11/2020.

(2) Transfer of equity made by directors, supervisors, managers and the top 10 major shareholders with a counter-party who is a related party: None.

(3) Pledge of equity made by directors, supervisors, managers and the top 10 major shareholders with a counter-party who is a related party: None.

3.7 Relationship Among the Company's Top Ten Shareholders

Relationship Among the Company's Top Ten Shareholders

Name (Note 1)	Personal Shareholdings		Spouse & Minor Children Shareholdings		Combined Shareholdings by Nominee Arrangement		Name and Relationship of Related Parties, Spouse, or Family Members within 2nd Degree of Kinship to the Top Ten Shareholders (Note 3)		Rem-arks
	Shares	Share-holding (%)	Shares	Share-holding (%)	Shares	Share-holding (%)	Name	Relationship	
Tong Yang Chia Hsin Int'l Corp.	127,370,320	16.44	0	0	0	0	Int'l Chia Hsin Corp.	Supervisor	-
Tong Yang Chia Hsin Int'l Corp. Representative: Jason K.L. Chang	4,478,396	0.58	4,477,000	0.58	500,000	0	Yung-Ping Chang Taiwan Cement Corp. Chia Hsin Foundation	Father & Son Director (JPR) Director	-
Sung Su Investment Corp.	68,780,239	8.88	0	0	0	0	None	None	-
Sung Su Investment Corp. Representative: Yung-Ping Chang	41,748,178	5.39	6,797,543	0.88	0	0	Same as Yung-Ping Chang	Same as Yung-Ping Chang	-
Yung-Ping Chang	41,748,178	5.39	6,797,543	0.88	0	0	Nelson An-Ping Chang Hsien-Ping Chang Chang Koo, Huai-Ju Jason K.L. Chang Int'l Chia Hsin Corp.	2nd degree kinship 2nd degree kinship 2nd degree kinship Father & Son Director	-
Taiwan Cement Corp.	27,419,416	3.54	0	0	0	0	Ta-Ho Marinetime Corp. Jason K.L. Chang	Parent/Subsidiary Director (JPR)	-
Taiwan Cement Corp. Representative: Nelson An-Ping Chang	6,852,956	0.88	241,252	0.03	0	0	Yung-Ping Chang Hsien-Ping Chang Chang Koo, Huai-Ju Ta-Ho Marinetime Corp. Chia Hsin R.M.C. Corp.	2nd degree kinship 2nd degree kinship Spouse Director Director	-
Ta-Ho Marinetime Corp.	25,761,288	3.32	0	0	0	0	Taiwan Cement Corp. Nelson An-Ping Chang	Parent/Subsidiary Director(JPR)	-
Ta-Ho Marinetime Corp. Representative: Jong-Peir Li	0	0	0	0	0	0	Taiwan Cement Corp.	Director(JPR)	-
Nutri Vita Inc.	18,050,817	2.33	0	0	0	0	None	None	-
Nutri Vita Inc. Representative: Hsien-Ping Chang	1,000	0.00	0	0	0	0	Yung-Ping Chang Nelson An-Ping Chang Chang Koo, Huai-Ju Chia Hsin R.M.C. Corp. Int'l Chia Hsin Corp.	2nd degree kinship 2nd degree kinship 2nd degree kinship Supervisor Supervisor	-
Chia Hsin foundation	14,842,899	1.92	0	0	0	0	Jason K.L. Chang	Director	-
Chia Hsin Foundation Representative: Nelson An-Ping Chang	6,852,956	0.88	241,252	0.03	0	0	Yung-Ping Chang Hsien-Ping Chang Chang Koo, Huai-Ju Ta-Ho Marinetime Corp. Chia Hsin R.M.C. Corp.	2nd degree kinship 2nd degree kinship Spouse Director Director	-
Int'l Chia Hsin Corp.	14,640,437	1.89	0	0	0	0	Yung-Ping Chang Hsien-Ping Chang Tong Yang Chia Hsin Int'l Corp.	Director Supervisor Supervisor	-
Int'l Chia Hsin Corp. Representative: Shiao-Lin Chen	0	0	0	0	0	0	None	None	-
Guo-Huei Gu	13,491,408	1.74	0	0	0	0	None	None	-
Chia Hsin R. M. C. Corp.	13,151,113	1.70	0	0	0	0	Nelson An-Ping Chang Hsien-Ping Chang	Director Supervisor	-
Chia Hsin R. M. C. Corp. Representative: Chang Koo, Huai-Ju	241,252	0.03	6,852,956	0.88	0	0	Yung-Ping Chang Hsien-Ping Chang Nelson An-Ping Chang	2nd degree kinship 2nd degree kinship Spouse	-

Note 1: Separately identify the names of the top 10 shareholders and, where the shareholder is an institutional shareholders, separately list the names of the institutional shareholder and its representative.
Note 2: Separately indicate the shareholding (%) under the person's own identity, spouse & minor children, and by nominee arrangement.
Note 3: The shareholders listed above include institutional and individuals, and the relationship is disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

3.8 Comprehensive Shareholding Information Relating to the Company, Directors, Managers, and Companies Through Direct and Indirect Control

Comprehensive Shareholding Information

Unit: Shar; %

Invested Companies (Note 1)	Investments of the Company		Investments of directors, managers and companies through direct or indirect control		Comprehensive Investments	
	Shares	Holding %	Shares	Holding %	Shares	Holding %
Chis Hsin Construction & Development Corp.	31,458,920	43.87	304,421	0.42	31,763,341	44.29
Tong Yang Chia Hsin International Corp.	257,073,050	87.18	31,193,449	10.58	288,266,499	97.76
Chia Hsin Pacific Ltd.	19,186,070	74.16	6,257,179	24.18	25,443,249	98.34
Chia Hsin Property Management & Development Corp.	100,000,000	100.00	0	0	100,000,000	100.00
Chia Pei International Corp.	19,560,000	100.00	0	0	19,560,000	100.00
Bluesky Co., Ltd.	8,300,000	100.00	0	0	8,300,000	100.00
YJ International Corp.	228,000,000	100.00	0	0	228,000,000	100.00
JAHO Life Plus and Management Corp.	30,000,000	100.00	0	0	30,000,000	100.00
LDC ROME	(Note 2)	40.00	0	0		40.00

Note 1: The companies stated are long-term investments accounted for using equity method as of 31 December 2019.
Note 2: Investment amount: EUR16,004,000.

4. Capital Overview

4.1 Capital and Shares

4.1.1 Capitalization

Source of Capital

Date	Issue Price Per Share	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount NTD	Shares	Amount NTD	Source of Capital NTD	Capital Paid-in by Assets Other Than Cash	Other
12/31/2007	10	779,639,050	7,796,390,500	673,687,050	6,736,870,500		None	None
02/04/2008	10	779,639,050	7,796,390,500	671,888,050	6,718,880,500	a 17,990,000		
08/29/2008	10	779,639,050	7,796,390,500	739,076,855	7,390,768,550	b 671,888,050		
12/02/2008	10	779,639,050	7,796,390,500	725,830,855	7,258,308,550	c 132,460,000		
03/18/2009	10	779,639,050	7,796,390,500	717,877,855	7,178,778,550	d 79,530,000		
08/18/2010	10	779,639,050	7,796,390,500	732,235,412	7,322,354,120	e 143,575,570		
08/04/2011	10	779,639,050	7,796,390,500	754,202,474	7,542,024,740	f 219,670,620		
08/19/2012	10	1,500,000,000	15,000,000,000	776,828,548	7,768,285,480	g 226,260,740		
01/18/2016	10	1,500,000,000	15,000,000,000	774,780,548	7,747,805,480	h 20,480,000		

Note: Source of capital are as follows,
a. Share repurchase and cancellation of NTD 17,990,000
b. Capital increase from retained earnings of NTD 671,888,050
c. Share repurchase and cancellation of NTD 132,460,000
d. Share repurchase and cancellation of NTD 79,530,000
e. Capital increase from retained earnings of NTD 143,575,570
f. Capital increase from retained earnings of NTD 219,670,620
g. Capital increase from retained earnings of NTD 226,260,740
h. Share repurchase and cancellation of NTD 20,480,000

Type of Share	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total Shares	
Common Share	774,780,548	725,219,452	1,500,000,000	Listed Shares

Information for Self-Registration

Securities Type	Preparing to Issue		Issued Amount		Purpose and Effect for Issued Shares	Issue Period for Unissued Shares	Remarks
	Total Shares	Authorized Amount (NTD)	Shares	Price			
NA							

4.1.2 Structure of Shareholdings

Shareholders structure

As of April 24, 2020: book closure date for AGM

Shareholders structure / Quantity	Government Agencies	Financial Institutions	Other Institutions	Domestic Individuals	Foreign Institutions & Individuals	Total
Number of Shareholders	1	7	223	52,800	133	53,164
Shareholding (shares)	50	4,011,338	406,493,227	329,812,920	34,463,013	774,780,548
Shareholding %	0.00%	0.52%	52.46%	42.57%	4.45%	100%

Note: The Company's shareholding % from Mainland China capital is none.

4.1.3 Distribution Profile of Shareholdings

Distribution profile of Shareholdings

As of April 24, 2020: book closure date for AGM

Ranking of Shareholdings (Unit: Share)	Number of Shareholders	Shareholdings (Shares)	Holding (%)
1 ~ 999	36,130	5,030,365	0.65%
1,000 ~ 5,000	11,842	25,926,244	3.35%
5,001 ~ 10,000	2,472	18,376,649	2.37%
10,001 ~ 15,000	862	10,623,265	1.37%
15,001 ~ 20,000	422	7,673,177	0.99%
20,001 ~ 30,000	445	11,164,550	1.44%
30,001 ~ 50,000	359	14,477,383	1.87%
50,001 ~ 100,000	274	19,727,458	2.55%
100,001 ~ 200,000	147	20,815,141	2.69%
200,001 ~ 400,000	82	23,001,971	2.97%
400,001 ~ 600,000	28	13,707,924	1.77%
600,001 ~ 800,000	16	10,731,687	1.39%
800,001 ~ 1,000,000	16	14,291,599	1.84%
Above 1,000,000	69	579,233,135	74.76%
Total	53,164	774,780,548	100.00%

Preferred Shares

As of April 24, 2020: book closure date for AGM

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Holding (%)
NA	NA	NA	NA
Total	NA	NA	NA

4.1.4 Major Shareholders

List of Major Shareholders

As of April 24, 2020: book closure date for AGM

Name of Shareholders	Shareholding	
	Shares	Holding (%)
Tong Yang Chia Hsin Int'l Corp.	127,370,320	16.44%
Sung Ju Investment Corp.	68,780,239	8.88%
Yung-Ping Chang	41,748,178	5.39%
Taiwan Cement Corp.	27,419,416	3.54%
Ta-Ho Marinetime Corp.	25,761,288	3.32%
Nutri Vita Inc.	18,050,817	2.33%
Chai Hsin Foundation	14,842,899	1.92%
Int'l Chia Hsin Corp.	14,640,437	1.89%
Guo-Huei Gu	13,491,408	1.74%
Chia Hsin R. M. C. Corp.	13,151,113	1.70%

4.1.5 Information on Share Price, Net Value, Earnings, Dividends and Related Information

Share price, Net value, Earnings, Dividends and Related Information

Item			2018	2019	From beginning of current year to April 30, 2020 (Note 8)
Market price per share (Note1)	Highest		15.56	22.85	22.70
	Lowest		10.80	13.45	12.55
	Average		13.18	16.69	18.10
Net value per share (Note 2)	Before distribution		24.55	29.45	-
	After distribution		23.55	(Note 2)28.45	-
Earnings per share (EPS)	Weighted average outstanding shares (Thousand Shares)		644,264	(Note 2)644,666	-
	EPS(NTD) (Note 3)		1.09	2.02	-
Dividends per share	Cash Dividends		1.0	1.0	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Unpaid Dividends (Note 4)		-	-	-
Return on Investment	Price / Earnings Ratio (Note 5)		12.10	8.26	-
	Price / Dividend Ratio (Note 6)		13.20	16.70	-
	Cash Dividend Yield Rate (Note 7)		7.6%	6.0%	-

*If there is stock dividend from Retained Earnings or Capital Surplus, the market price and cash dividend information retroactively adjusted according to the number of shares issued shall be disclosed.

Note1: List the highest and lowest market prices of common share in each year, and calculate the average market price of each year based on the annual transaction value and volume.

Note2: Fill in information based on number of outstanding shares as year end and according to the distribution resolution of current year's Shareholders' meeting.

Note3: If retrospective adjustments are required due to stock dividend distribution, earnings per before and after the distribution shall be listed.

Note4: If issuance terms of equity security stipulates that the dividends have not been paid in the current year can be accumulated to the year when there is a surplus, the accumulated unpaid dividends up to the current year shall be disclosed separately.

Note5: Price/Earnings Ratio=Average Market Price/Earnings per Share

Note6: Price/Dividend Ratio=Average Market Price/Cash Dividends per Share

Note7: Cash Dividend Yield Rate=Cash Dividends per Share/Average Market Price

Note8: Net value per share and earnings per share shall be disclosed if the most recent quarter information was reviewed by the CPAs up to the publication date of the Annual Report; the rest of the fields shall be disclosed with information up to the publication date of the Annual Report.

4.1.6 Dividend Policy and Implementation

1. Dividend Policy:

Article 26 of the Company's articles stipulates that the Board of Directors shall be authorized to set dividend policies as the basis for earnings distribution proposal. The Company adopts a residual dividend approach and considers its capital expenditures and financial requirements in the coming year. If there is profits at the close of each fiscal year, the Company first covers its accumulated losses, pays income taxes, sets aside reserves, and pays rewards for directors and employees. The remaining balance is distributable earnings for the fiscal year. At least 50% of the distributable earnings of the fiscal year shall be distributed as dividend for shareholders.

The amount of cash dividend shall be more than 10% of the total dividend distribution of the fiscal year for the shareholders and the balance can be stock dividend.

If it is necessary to change the aforementioned dividend policy due to changes in the requirements of government authorities or the Taiwan Stock Exchange, amendments to laws and regulations, changes in the domestic or foreign political or economic situation, major capital expenditures made by the Company, the Company being unable to acquire sufficient capital, or other factors that cannot be controlled by the Company, the Chairman is authorized to revise the dividend policies based on the circumstances and submit the revision proposal to the Board of Directors for discussion.

2. Distribution Status:

The Company's 2019 earnings distribution proposed by the Board:

Dividend per common share: NTD 1.00, in which NTD 1.00 is cash dividend and NTD 0.00 is stock dividend. Ex-dividend date will be set after the distribution proposal resolves by the annual shareholders' meeting

4.1.7 Influence of Stock Dividend Proposed on the Company's Operation Performance and Earnings Per Share

Item		Year	2020 Forecasts (2019 earnings distribution)
Beginning paid-in capital of common stock (NTD)			7,747,805,480
Stock and cash dividends for 2019	Cash dividend per share (NTD)		NTD 1.00
	Number of stock dividend per share for capitalization from retained earnings		0.0
	Number of stock dividend per share for capitalization from capital surplus		0.0
Changes in Performance	Operating profit (NTD1,000)		(Note)
	% Changes in operating profit compared with previous year		(Note)
	After-tax net profit (NTD1,000)		(Note)
	% Changes in after-tax net profit compared with previous year		(Note)
	Earnings per share (NTD)		(Note)
	Change in earnings per share compared with previous year		(Note)
	Annual average return on investment (Reversal of annual average price/ earnings ratio)		(Note)
Pro forma earnings per share (EPS) and price/earnings ratio	If stock dividend for capitalization from retained earnings all converted to cash dividend	Pro forma EPS (NTD)	(Note)
		Pro forma annual average return on investment	(Note)
	If no stock dividend for capitalization from capital surplus	Pro forma EPS (NTD)	(Note)
		Pro forma annual average return on investment	(Note)
	If no stock dividend for capitalization from capital surplus and stock dividend for capitalization from retained earnings all converted to cash dividend	Pro forma EPS (NTD)	(Note)
		Pro forma annual average return on investment	(Note)

Note: Not applicable since stock dividend was not proposed to the current year annual shareholders' meeting.

4.1.8 Rewards for Employees and Directors

1. The percentage or range of rewards for employees and directors specified in the Company's Articles of Incorporation: Should there be profit in a year, the Company shall appropriate rewards for employees and directors at the rates of 0.01% to 3% and no more than 3%, respectively. When there are accumulative deficits, the Company shall retain the amount to cover the deficits before appropriating the above mentioned rewards. The rewards for employees and directors shall be approved by the Board and reported at the shareholders' meeting.
2. Bases for estimating reward for employees and directors of the period, for calculating reward for employees in stock, and for accounting solution for differences between actually distributed amount and estimated amount: The differences will be adjusted in the next accounting year as a change in accounting estimates.
3. Information on the proposal on rewards distribution passed by the Board of Directors:
   (1) The amount of rewards for employees and directors distributed in cash or in stock. Should there be any difference from the estimated amount of the expense recognized for the year, the difference, its causes, and solutions shall be disclosed.On March 25, 2020, the Board of Directors approved the amount of rewards for employees and directors was NTD 15,625,000 and NTD 4,261,365, respectively. The amount of rewards for employees and directors in 2019 is the same as estimated in the book.
   (2) The proportion of amount equivalent to the stock distributed as rewards for employees in the earnings after tax in the Parent Company Only financial statement of the period and the total amount of compensation for employees: As no reward was distributed in stock, this clause is not applicable.

4.1.9 Status of Share Repurchase

(1) Executed

December 31, 2019

Repurchased sequence	The Eighth Time
Purpose for the Repurchase	Transfer to employees
Repurchase period	2018/11/14-2019/1/11
Repurchase price range	NTD 12.39~NTD 14.25 per share
Type and number of shares repurchased	3,000,000 shares of Common stock
Amount of shares repurchased	NTD 41,072,581
Number of shares repurchased as a % to the number of shares to be repurchased.	100%
Number of shares cancelled and transferred	-
Accumulated number of repurchased shares held by the Company	3,000,000 shares of Common stock
Accumulated number of repurchased shares held as a % to the total outstanding shares issued by the Company	0.39%

(2) In progress

April 30, 2020

Repurchase sequence	The Ninth Time
Purpose for the Repurchase	Transfer to employees
Type of shares to be repurchased	Common stock
Ceiling on total amount of the repurchase	NTD 8,863,013,000
Scheduled period for the repurchase	2020/03/26~2020/05/24
Number of shares to be repurchased	7,000,000 shares
Repurchase price range	NTD11~NTD16 per share. However, the Company will still execute the repurchase should the price falls under the floor limit.
Number of shares repurchased	664,000 shares of Common stock
Amount of shares repurchased	NTD 9,951,094
Number of shares repurchased as a % to the number of shares to be repurchased	9.49%

4.2 Issuance of Corporate Bonds

None.

4.3 Issuance of Preferred Shares

None.

4.4 Issuance of Global Depository Receipts

None.

4.5 Issuance of Employee Stock Warrants

None.

4.6 Issuance of New Restricted Employee Shares

None.

4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions

None.

4.8 Financing Plan and Implementation

None.

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

Scope of business

(1) Sales of cement
(2) Real estate leasing and asset development
(3) Storage and Logistics
(4) Hospitality

Proportion of revenue

	Sales of cement	Real estate leasing and asset development	Storage and Logistics	Hospitality
Proportion in revenue of 2019	55%	15%	30%	0%

5.1.2 Industry Overview

(1) Status and future development of the cement sector

In 2019, domestic cement production was 11,267,211 metric tons, increased by 328,364 metric tons which was a 3% increase from the previous year of 10,938,847 metric tons. In terms of sales, domestic cement producers sold 9,054,712 metric tons in 2019, increased by 480,254 metric tons, which was a 5.6% increase from the previous year of 8,574,458 metric tons. The volume of cement exported in 2019 was 2,321,014 metric, decreased by 57,776 metric tons which was a 2.4% decrease from the previous year of 2,378,790 metric tons. The volume of cement imported in 2019 was 2,260,058 metric tons (including 1,898,650 metric tons of clinkers), increased by 184,985 metric tons, which was an 8.9% over the previous year of 2,075,073 metric tons (including 1,577,009 metric tons of clinker).

Domestic consumption of cement for 2019 amounted to 11,314,770 metric tons, including 9,054,712 metric tons produced domestically and 2,260,058 metric tons imported, increased by 665,239 tons, which was a 6.3% over the previous year of 10,649,531 metric tons.

	2019	2018	Difference	%
Domestic cement production	11,267,211	10,938,847	328,364	3.0%
Domestic cement sales	9,054,712	8,574,458	480,254	5.6%
Cement exported	2,321,014	2,378,790	-57,776	-2.4%
Cement imported (clinker)	2,260,058 (1,898,650)	2,075,073 (1,577,009)	184,985 (321,641)	8.9% (20.4%)
Domestic consumption of cement	11,314,770	10,649,531	665,239	6.2%

Looking forward to 2020, the domestic real estate market transaction prices is expected to stabilize, and investment demand should pick up. We expect developers will switch from being conservative to actively promoting projects and a continuous growth in infrastructure. The domestic cement market demand is expected to grow slightly.

Supply chain relationship

The up-stream, middle-stream and down-stream companies related to cement trading include cement manufacturers and suppliers, shipping, cement storage, transportation, ready-mixed concrete, cement products, and construction companies. Except for the bulk carriers of the shipping industry, which concurrently carry other cargos, all these above-mentioned businesses are closely connected and share the same eco-system.

Product development trends and competitions

Portland Cement Type I is the most commonly used cement product in the domestic market, but there has been a significant increase in demand for Portland Cement Type II from public infrastructure projects. Although the Company currently trades Portland Cement Type I, since its storage and transport equipment are available, the Company may add Portland Cement Type II to its scope of business if demand from clients or markets occurs in the future.

(2) Status and future development of real estate leasing and asset development sector

Focusing on the business trend and market demand to improve asset efficiency, the Company will maximize the utilization of legacy land, including but not limited to maximize the rental income.

In the commercial leasing market, the average rent per ping rose to NTD 2,580, a 20-year high, and the average vacancy rate fell to 4.5%, a 20-year low. The number was triggered by two major effects: imbalances of supply-demand caused by insufficient investment of commercial developers in CBD since 1993 and the need for relocation of enterprises driven by rebuilding old commercial buildings.

In terms of the industrial real estate market, Taiwan's business environment has benefited from the returning investment from China. The total annual transaction value of industrial plants and factories has reached NTD 57.577 billion, an annual growth rate of 49%, and it has accounted for 38.9% of the total commercial real estate transaction value. Among them, there is no new factory supply in the representative Neihu Science Park. The vacancy rate in the West Lake section has dropped to almost 0.9%, and the rent per ping has increased by 1.9% to NTD1,430, a new record high.

Supply chain relationship

The real estate leasing industry can be divided into residential and non-residential categories. The residential categories include suites, residential buildings, business residences, service apartments, and senior housing. Non-residential categories include offices, shopping malls, hotels, factories, and medical units, etc. each having its own up-stream, middle-stream, and down-stream industries. The main up-stream players include real estate developers, asset management and real estate investment, etc. The middle-stream players include construction engineering, engineering consulting, building materials, and decoration design. Finally, the downs-stream players include real estate management (custodian charter), real estate brokerage (intermediary agency sales), real estate management (department stores, hotels, supermarkets, parking lots, etc.), support services (property management, mechanical and electrical, security control, environmental sanitation), and other related operators.

Product development trends and competitions

Although the real estate market has been in a bull market for 17 years since 1993, the type of construction cases during this period have focused on residential products. However, due to changes in the global economic situation since 2018, the proportion of investment in domestic GDP is expected to gradually increase in the future, which will effectively drive the demand for commercial real estate.

(3) Status and future development of storage and logistics sector

The utilization of storage and logistics facilities is directly related to economic growth. The loading and unloading business of coal, gravel, and general bulk cargo at Taipei Port in 2019 was 8.99 million metric tons, a decline of 13.8% compared with 10.43 million metric tons in 2018. From the combined calculation of the unloading volume of Taipei Port and Keelung Port, the inbound loading and unloading business of the bulk cargo in northern Taiwan was 13.76 million metric tons in 2019, a decrease of 10.6% from 15.39 million metric tons in the previous year.

Supply chain relationship

Inter-related companies of the logistics industry mainly include transportation, warehousing, loading and unloading, moving, packaging, distribution processing, delivery, and information platform, etc. Logistics efficiency fully depends on the integration of each link in the cargo delivery process; the business prospect of all these companies is highly correlated with the level of integration.

Product development trends and competitions

The logistics industry emphasizes on efficiency and service and gains competitiveness through economy of scale, vertical integration, and information management. The Company is currently focused on improving its efficiency and cost control.

(4) Status and future development of hospitality sector

According to the Travel & Tourism Competitiveness Report 2019, Japan remains Asia-Pacific's most competitive travel and tourism economy, ranking 4th globally. While Japan economy is large enough to support its domestic market, they also recently witnessed international tourist boom after 2012. At 2012, Prime Minister Abe administration launch "Abenomics" to save the economy of Japan and one of the policies is to boost the local economy by developing the local tourism. Japan became more open to international visitors. Several policies changed to lower the travel barriers, such as to simplifying the tourism visa application system. As travel barriers continue to drop, visitors are attracted to Japan's unique cultural resources. Moreover, Abenomics made Japanese yen more attractive along with code share and low-cost flights; Japan became a very attractive and affordable tourism destination not only neighbor counties like Taiwan and Korea, but also Southeast Asia as well as western counties. The visitor number was increasing from 6.22 million people in 2011 to 31.19 million people in 2018, at a compound annual growth rate of 26%.

The significant increase is also happening in Okinawa. The visitor number to Okinawa is 10.16 million people in 2019, with an increase of 3.2%, 316,200 people, compared to last year. Although it was greatly affected by the slowdown of the Korean market, it exceeded 10 million for the first time, setting a new record for 7 consecutive years. 7.23 million domestic visitors went to Okinawa, which is a 4.2% growth rate, while international visitor to Okinawa at 2.93 million people, with 0.9% growth rate. Both domestic and international visitor number were a record high.

Supply chain relationship

The Company provide hospitality services, which including revenues generated from room, food & beverage sales, and venue rentals. Our hotel service is in the middle-stream of the industry. The Company will purchase the raw material, semi-finished product and daily supply from our supplier and provide dishes and food to our customers. Individual guests reservations are taken from internet, travel agency as well as direct booking and of corporate clients are from travel agency and direct booking though our sales.

Product development trends and competitions

Several things happened in the past five years that affected the hospitality industry. Due to the convenience of online conference system, instant message app and cloud technology, the need for corporates to travel internationally for business meeting has decreased. However, since MICE business has unique characteristics that is still irreplaceable, it has become one of the main business stream for most five-star hotels.

On the other hand, individual travel is telling the different story. Code share flights, low-cost flights, and online booking website make international travel more convenient, affordable and customizable. Therefore, the foreign visitor number around the world is increasing significantly in the past five years.

5.1.3 Technology and R&D status

The Company is mainly a service provider and no longer involved in manufacturing, therefore this is not applicable.

5.1.4 Long-Term and Short-Term Development Plan

Short-term

(1) Cement sector
Strengthen the sales channel of the Taiwan cement market.

(2) Real estate leasing and asset development sector
Improve utilization of low-yielding assets to increase rental income.
Evaluate land development in the elite and newly rezoned areas in Taipei and New Taipei City, and look for other opportunities to grow.

(3) Storage and logistics sector
Maintain the business of existing customers and continue to expand new business.

(4) Hospitality sector
Enhance the know-how in the hospitality industry, focus on talent training, and build up core competency.

Long-term

(1) Cement sector
Maintain strategic investment in TCC and indirectly enjoy the benefits of investing in China and even the European cement market.

(2) Real estate leasing and asset development sector
Continue to look around the world, keep diversity and depth.
Continue to activate land resources and enhance added value.

(3) Storage and logistics sector
Stabilize and diversify the sources of goods to reduce seasonal fluctuations to stabilize profits.

(4) Hospitality sector
Establish and develop our own healthcare brand
Establish and develop our hotel brand, Hotel Collective, and cooperate with international brands, such as InterContinental Hotels Group (IHG).

5.2 Markets, Production, and Sales Overview

5.2.1 Market Analysis

(1) Cement sector

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

The Company's cement sales in Taiwan are mainly in central and northern Taiwan. The domestic cement market is mature and has limited growth potential. However, as the budget for the Prospective Plan is increasing, the amount of environmental protection and green energy projects will also grow. Therefore, we expect domestic cement demand to grow slightly in 2020.

Competitive niche

The Company has sound sales channels, good reputation and long-term relationship with customers. The Company currently has large cement silos in both Keelung Post and Taichung Port with the capacity of 38,000 metric tons and 45,000 metric tons respectively. The silos are located near the market and capable of providing fast and convenient services to customers in the main economic zone in western Taiwan.

Favorable factors for industry development

It has a long-term and good relationship with cement distributors, which enables the cement channel business to operate stably.

Unfavorable factors for industry development &Countermeasures for unfavorable factors

The Ministry of Finance announced in 2017 that it will continue to impose anti-dumping duties on Portland cement and clinker imported from China for a period of five years until to February 19, 2022.

Due to the impact of limited resources and energy policies in Taiwan, major cement manufacturers have gradually reduced their export sales and switched to domestic sales. However, the domestic demand for cement has not increased, and the market will be squeezed.

Response: The Company has transformed from a cement manufacturer to a distributor, and has diversified its investment into the hospitality industry.

(2) Real estate leasing and asset development sector

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

Based on the overall economic conditions, regional economy, government policies, market prosperity, and the value of individual investment, the Company has asset development and construction project in both domestic and overseas market. The business cycle of domestic real estate market leave as low growth in 2019. Self-residents and long-term investors are currently major buyers in the domestic real estate market. In the next 3 to 5 years, it is expected that builders will withdraw from the real estate market to release land. In addition, the competition for land purchase by the industry should be eased, and there will be opportunities to purchase from the released cases and create profits.

Competitive niche

The Company holds a significant amount of land assets for development or renewal, and has a well-experienced management team.

Favorable factors for industry development

The Company's finances are stable, transparent, and properly controlled. Therefore, the source of working capital is not of concern. When opportunities arise, the Company will be positioned to capitalize on under-valued assets.

Unfavorable factors for industry development &Countermeasures for unfavorable factors

Taiwan government policies on the real estate industry will continue to be on the cautious side as the overall housing prices are still high and wages are relatively low. In recent years, speculators have left the real estate market because the cost of buying a property has risen sharply after the government raised the holding tax and introduced a policy of consolidated housing and land tax based on actual transactional price. This also resulted in the difficulty to shorten the sales period and increase the sales price of real estate in recent years.

Response: Revitalize the existing real estate assets in accordance to market demands and diversify investment and development for comprehensive use to increase economic efficiency. In order to avoid exposure to single market fluctuations, the Company also expanded overseas. In response to changes in the structure of industry and market demand, the Company will adjust various types of products accordingly and output and carefully select the location of investments, considering demographics, tailoring each product to enhance product competitiveness.

(3) Storage and logistics sector

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

The main business of Taipei Port First Bulk Cargo Center is to support the loading and unloading of bulk and general cargo for distributors and manufacturers of gravel, coal and slag in northern Taipei. Taipei Port First Bulk Cargo Center's throughput was 1.92 million metric tons of gravel and general cargo, accounting for 27% of total throughput at Taipei Port. Since there is only one coal terminal in northern public terminal, the coal loading & unloading volume accounts for 100% of the total volume.

The market share of other products or services is difficult to be estimated since it is not easy to define properly the market scale in each sales (service) region. Due to the low GDP growth of Taiwan, the demand for gravel in the northern Taiwan is expected to have a low growth rate going forward. From the perspective of gravel supply, the volume excavated and transportation cost are affected by the climate (such as typhoons, abnormal rainfall) and local government policies. As a result, the supply of gravel fluctuates considerably and is difficult to accurately predict. Notwithstanding the additional coal used by Taipower's Linkou Plant (unload coal by its own wharf) new stations, the coal demand in the north is unlikely to increase since there are less traditional manufacturing industries in northern Taiwan and the government is also imposing stricter regulations on coal emissions. As a result, the coal unloading business of Taipei Port First Bulk Cargo Center is also difficult to grow.

Competitive niche

The port business is a chartered industry, making it difficult for competitors to enter.

Favorable factors for industry development

It is a trend to adopt environmentally unloading and storage operations at the terminal. Keelung Port also conducts bulk cargo business, but due to the limited space, it is difficult to set up related environmental protection facilities. Therefore, the facilities at Keelung Port are not enclosed. As domestic requirements for environmental protection standards continue to increase, the gravel and bulk cargo unloading business of Keelung Port is expected to gradually move to Taipei Port, and The Company can strive for these volumes.

Unfavorable factors for industry development & countermeasures for unfavorable factors

Due to limited coal demand in northern Taiwan and unsteady supply of imported gravel caused by China's government policies, it will difficult to increase the throughput volume for Taipei Port First Bulk Cargo Center.

Response: The Company will endeavor to expand the loading and unloading business of other bulk cargo to diversify the operation of Taipei Port.

(4) Hospitality sector

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

In 2019, the number of tourists in Okinawa was 10,163,900, an increase of 316,200 compared with the previous year's increase of 3.2%. Although it was greatly affected by the slowdown of the Korean market, it exceeded 10 million for the first time, setting a new record for 7 consecutive years. Compared with the previous year, the main reasons for the increase are:

(1) publicity efforts to increase the understanding and interest to travel to Okinawa;

(2) expansion of domestic routes to increase domestic travel;

(3) increase international and cruise ship routes to increase foreign travelers. In 2019, the number of visitors to Okinawa in Japan was 7.233 million, a record high increase of 290,000, or 4.2% over the previous year. Foreign tourists continue to grow. The number of foreign tourists reached 2.93 million which was also a record high, though a slight increase of 26,200 or 0.9% over the previous year due to the decrease in Korean travelers.

The first hotel brand of the CHC Group, Hotel Collective Naha, Okinawa was completed at the end of 2019, and soft-opening began in January 2020. The Company wants to create a new brand where travelers from around the world can experience a luxurious and sumptuous ambiance revolving around the diverse Okinawan culture. Hotel Collective is situated to be the new center of business and tourism for both locals and travelers.

InterContinental Okinawa Chura SUN Resort at Tomigusuku City, Okinawa Prefecture will be the second hotel project of CHC group. The Company acquired 36,938 square meters of land in 2016. The five-star leisure Hotel and Villa Wings is designed by Kengo Kuma & Associates (KKAA) and will be managed by InterContinental Hotels Group.

Favorable factors for industry development

The second runway of Naha airport will be completed and opened in 2020. The number of flights can be expanded to increase the number of domestic and overseas visitors to Okinawa.

Unfavorable factors for industry development &Countermeasures for unfavorable factors

1. The geopolitical risk between Japan and South Korea already affected the willingness of Korean tourists to Okinawa. It is expected that tourism will gradually recover once the relations between the two countries improve.
   Response: Target customers of Hotel Collective are mainly domestic Japanese, and Taiwanese tourists which can reduce the risk of geopolitical influence.
2. COVID-19 epidemic affects the willingness of tourists to travel around the world and in turn affects the number of tourists in Okinawa.
   Response: The hotel implemented high-standard epidemic prevention measures for the safety of its customers. At the same time, it is focusing on local F&B business and wedding business. Finally, hotel will enhance the hospitality service through training in order to provide better services in the future rebound.

5.2.2 Main Features and Production Process of Major Products

Important application of major products

(1) Cement sector

The cement sold by the Company is Portland Cement Type I, which is also called ordinary cement. This type of cement has a wide range of uses, such as the construction of bridges, highways, drainage equipment, dams, levees, grain-sunning areas, public infrastructure machinery foundations, dock equipment, military facilities, and construction of houses and buildings in civil engineering. Cement is also use for surfacing work on buildings as well.

(2) Real estate leasing and asset development sector

The Company's current real estate business is mainly concentrated in leasing business. The products provided are land or buildings and the tenants mainly uses it for factories or offices.

(3) Storage and logistics sector

This service facilitates the circulation of commodities from seller to buyer to designated locations.

(4) Hospitality sector

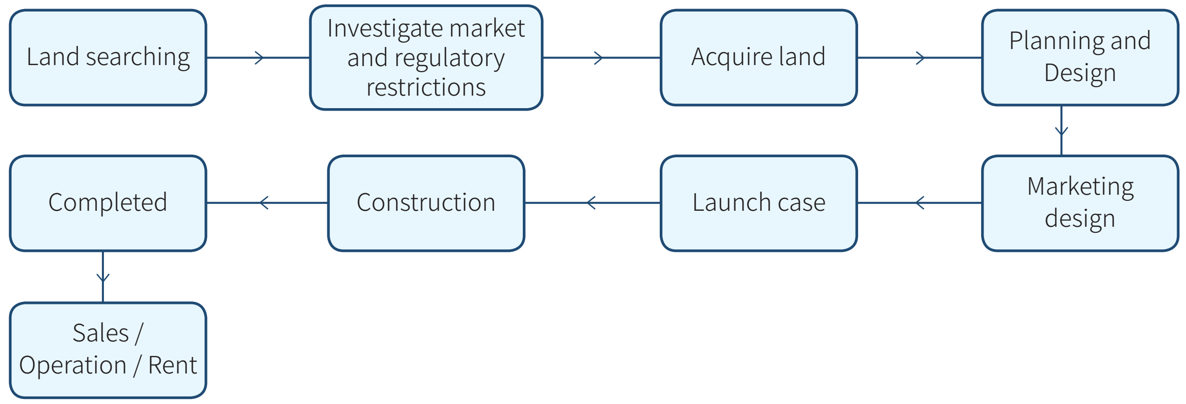
The Company's travel and lodging services are mainly aimed at operating guest room rental and catering services and providing conference halls and other leisure facilities so that customers can have a memorable experience.

Manufacturing processes of major products

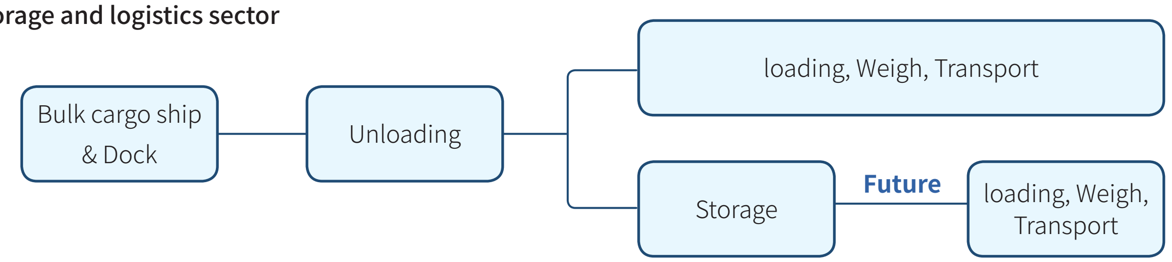
(1) Cement sector

The Company operates as a cement distributor in Taiwan, it purchases cement from domestic or foreign suppliers and delivers it by ship into large silos at both Port of Keelung and Port of Taichung (with capacity of 38,000 metric tons and 45,000 metric tons, respectively), where the cement is packaged in bulk or bags for sales to customers.

(2) Real estate leasing and asset development sector



(3) Storage and logistics sector



(4) Hospitality sector

The hospitality sector provides room accommodation and F&B services to customers, while hires service personnel's and purchases fresh foods, beverages, and other related necessities from suppliers.

5.2.3 Supply of Major Raw Material

(1) Cement sector: None.

(2) Real estate leasing and asset development sector

The upstream raw materials for asset development and construction are land and building materials. Land can be obtained from private individuals through price purchase or joint construction, acquiring old community land for development in accordance with urban renewal procedures, or acquiring state-owned land or land use rights from the government. The acquisition of land for the Company's asset development is not limited to any of the above methods, nor is it domestic. The price of construction materials such as steel bars, cement, masonry, indoor equipment and related raw materials remained stable this year. The Company adopted a unified bargaining method for long-term suppliers to maintain a stable construction cost.

(3) Storage and logistics sector: None.

(4) Hospitality sector: None.

5.2.4 Major Suppliers and Customers in the Past 2 Years

1. Major Suppliers in the Past 2 Years

Unit: NTD thousands

Item	2019				2018			
	Company Name	Amount	%	Relation to the Company	Company Name	Amount	%	Relation to the Company
1	Taiwan Cement	484,963	48	The Company is Director of Taiwan Cement	Asia Cement	457,700	49	None
2	Asia Cement	457,700	46	None	Taiwan Cement	421,084	45	The Company is Director of Taiwan Cement
3	Others	62,991	6		Others	53,972	6	
	Total net purchase amount	1,005,654	100		Total net purchase amount	932,756	100	

Note 1: The list includes names, purchased amount and % of purchase for the suppliers accounted for 10 percent or more of the Company's total purchase in the last two years. Where the name of the supplier is prohibited by contract from revealing, or where a trading counterpart is an individual who is not a related party, code can be used in place of the actual name.

Note 2: Up to the publication date of the annual report, if the Company whose stock is listed on the stock exchange or traded over the counter and its most recent financial statements were audited or reviewed by the CPA, related information shall be disclosed.

2. Major Customers in the Past 2 Years

Unit: NTD thousands

Item	2019				2018			
	Company Name	Amount	%	Relation to the Company	Company Name	Amount	%	Relation to the Company
1	Lian Hsin Construction Material	210,220	11	None	Lian Hsin Construction Material	212,043	10	None
2	Hua Ya Power	194,062	10	None	Hua Ya Power	197,248	9	None
3	Goldsun Development & Construction	172,343	9	None	Goldsun Development & Construction	186,889	9	None
4	Nan Ya Plastics	116,922	6	None	KGI Securities	154,480	7	None
5	Tong Chen Construction Material	99,746	5	None	Nan Ya Plastics	128,513	6	None
6	Others	1,090,709	59		Others	1,213,233	59	
	Total net revenue amount	1,884,002	100		Total net revenue amount	2,092,406	100	

Note 1: The list includes names, sales amount and % of sales for the customers accounted for 10 percent or more of the Company's total sales in the last two years. Where the name of the customer is prohibited by contract from revealing, or where a trading counterpart is an individual who is not a related party, code can be used in place of the actual name.

Note 2: Up to the date of publication of the annual report, if the Company whose stock is listed on the stock exchange or traded over the counter and its most recent financial statements were audited or reviewed by the CPA, related information shall be disclosed.

5.2.5 Production Volume and Value in the Past 2 Years

Production Volume: MT
Production Value: NTD thousands

Year / Production / Major Products	2019			2018		
	Capacity	Volume	Value	Capacity	Volume	Value
Portland Type I Cement	-	473,700	1,046,267	-	441,600	983,716
Clinker	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	-	473,700	1,046,267	-	441,600	983,716

Note 1: Production capacity refers to the Volume that the Company can produce under normal operation using existing production facilities after measuring necessary shutdowns, holidays and other factors.

Note 2: Where the production of individual products is substitutable, the combined production capacity may be calculated and annotated.

5.2.6 Sales Volume and Value in the Past 2 Years

Sales Volume: MT
Sales Value: NTD thousands

Year / Sales / Major Products	2019				2018			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Portland Type I Cement	466,846	1,022,319	-	-	451,530	984,063	-	-
Clinker	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	466,846	1,022,319	-	-	451,530	984,063	-	-

5.3 Profile on Employees in the Past 2 Years and up to the Publication Date of the Annual Report

1. The Company

Year		2019	2018	Up to April 30, 2020
Number of Employee	Regular Employees	80	74	80
	Contracted Employees	0	0	0
	Total	80	74	80
Average age		45.75	45.32	45.57
Average Years of Service		11.41	11.79	11.49
Education Distribution Ratio(%)	Ph.D.	0.00	0.00	0.00
	Masters	25.00	25.68	23.75
	Bachelor's Degree	67.50	67.56	68.75
	Senior High School	7.50	6.76	7.50
	Below Senior High School	0.00	0.00	0.00

2. All Companies in the Consolidated Financial Statements

Year		2019	2018	Up to April 30, 2020
Number of Employee	Regular Employees	366	231	386
	Contracted Employees	44	16	68
	Total	410	247	454
Average age		41.64	43.78	41.40
Average Years of Service		5.64	9.06	5.34
Education Distribution Ratio (%)	Ph.D.	0.00	0.00	0.00
	Masters	7.07	11.34	6.17
	Bachelor's Degree	64.39	63.97	64.76
	Senior High School	23.17	20.24	23.57
	Below Senior High School	5.37	4.45	5.50

5.4 Information on Environmental Protection Expenditures

(1) Losses or penalties caused by environmental pollution in the past year and up to the publication date of the Annual Report:

In 2019, Taipei Port First Bulk Cargo Center was fined by NTD100,000 due to dust from the bulk cargo vehicles on the road not being washed out in time, causing discoloration.

(2) Corresponding countermeasures:

Expenditures were continuously spent to prevent dust pollution from Taipei Port First Bulk Cargo Center. In 2019, more than NTD 50,000 was spent on the improvement and maintenance of the sprinkler equipment in the factory area.

The Company's expenditures over the years on pollution prevention equipment or technology for environmental protection purposes are as follows:

1. Summary of pollution prevention program in the blast furnace slag mill construction project at Taipei Port First Bulk Cargo Center:
   The mill mainly processes grounded blast furnace slag into slag powder which is a green and regenerated construction material that complies with laws and regulations and is encouraged by the government. The process is mainly carried out in an enclosed space and does not create environmental pollution, which is energy efficient, produces low noise, has low carbon dioxide emission, and produces low water discharge. Phase one construction was completed and began its operation in May 2014. After the mill began its phase two operation, it replaced roughly 650 thousand metric tonnes of cement usage each year, and reduced carbon dioxide emission by approximately 450 thousand metric tonnes. These performance contributed to the reduction of the domestic greenhouse gases.
2. In 2018, drainage facilities were improved of Kangshan Plant by removing the sediments in the outer drainage ditch, re-constructing the drainage ditch in the low-lying area, installing the pumping equipment, and regulating environmental maintenance responsibility of tenants so that the plant area no longer has the problem of water accumulation, which caused odors and hidden dangers of mosquito breeding.
3. In order to build a new type of high-quality postpartum care center, offer mothers, newborns and staff a better healthy life and working environment, JAHO Life Plus and Management Corp., a subsidiary of the Company, cooperated with "Gemcare" postpartum care centers, and began planning for the application of WELL certification in 2019 (The WELL Building Standard was published by the U.S. International WELL Building Institute (IWBI) in 2014 and the certification is managed by the Green Business Certification Inc. (GBCI)). The WELL certification has specific standard requirements for indoor air quality purification and monitoring, potable water quality and maintenance, soft light source provision, and sound environment construction. The certification application has been entrusted to consultant to provide professional advice, and the related improvement projects are gradually carried out to meet the requirements of the regulations. It is expected to obtain the WELL certification in the third quarter of 2020. Approximately NTD 5.6 million is expected to be spend on the consulting services and improvement projects.
4. The design and construction of "Hotel Collective", a hotel invested by the Company in Okinawa, incorporated energy-saving and environmental protection concepts, including the use of LED lighting, heat pumps, and water-saving equipment with over NTD 200 million expenditures invested. In addition, the Company engaged professional consultants to optimize the energy-saving and water-saving to apply for the LEED (Leadership in Energy and Environmental Design) green building certification and is expected to obtain the certificate in August of this year. In 2019, NTD1.23 million was spent on construction improvements and application related expenses and NTD 0.73 million on construction optimization. Estimated expenditures in 2020 are NTD 2.47 million. Total expenditures in relation to the improvement measures and application for certification are estimated to be NTD 4.43 million.
5. In 2019, NTD 477,000 was spent to replace the lighting fixtures of Chia Hsin Building, Taipei Port First Bulk Cargo Center, and Taichung Storage Center with LED lights to save energy, and NTD 784,000 was spent to renew equipment to improve efficiency. Total relevant expenditures was over NTD 1.26 million.

(3) Major environmental protection expenditures in the next three years:

1. For further energy-savings, a plan has been scheduled in 2020 to replace the main air-conditioning unit of the 2nd Chia Hsin Building with a newer energy-saving model. The total estimated expenditure is about NTD3 million.
2. The construction of InterContinental Okinawa Chura SUN Resort at Toyosaki, Okinawa will adopt InterContinental Hotel Group (IHG) Five-star high specification standards. The Company expects to invest a significant amount in environmental related expenditures relating to energy and water savings in the future years. Overall cost estimates will be determined after the construction design plan is finalized.

(4) Implementation of the restriction of the use of Hazardous Substances (RoHs) issued by the European Union and the avoidance of influence on investor rights:

Not applicable to the Company's scope of business.

5.5 Employee Relations

Current Major Labor-Management Negotiations and Implementation Status

(1) Convening Labor-Management Meetings:

We hold labor-management council meetings periodically, which serves as

1. A channel to hear employees' voices and to align perspectives from the Company and its employees, thus enhancing both parties' corporation.
2. A place to negotiate labor conditions.
3. An occasion to arrange and plan out employee benefits.
4. A way to improve work efficiency.

In each of the meetings, both parties are able use their best efforts to communicate and reach a consensus for a successful outcome.

(2) Convening Employee's Welfare Committee Meetings:

We hold regular Committee of Employees' Welfare board meetings, which has the following missions:

1. To review, promote and supervise matters regarding employee's welfare.
2. To plan, keep, and safe guard the employee welfare fund.
3. To allocate, audit, and prepare statement of income and expenditure regarding employee welfare operation.
4. To be in charge of other matters that is related to employee's welfare.

(3) Convening Meetings of the Supervisory Committee for Worker's Retirement Preparation Fund:

We hold periodic meetings, which has the following missions:

1. To review the temporary suspension of the allocation of the retirement preparation fund.
2. To examine the amount of the allocation of retirement preparation fund.
3. To examine matters regarding collecting and depositing the retirement preparation fund.
4. To examine the amount of retirement preparation fund payment made.
5. To supervise other retirement preparation fund-related matters.

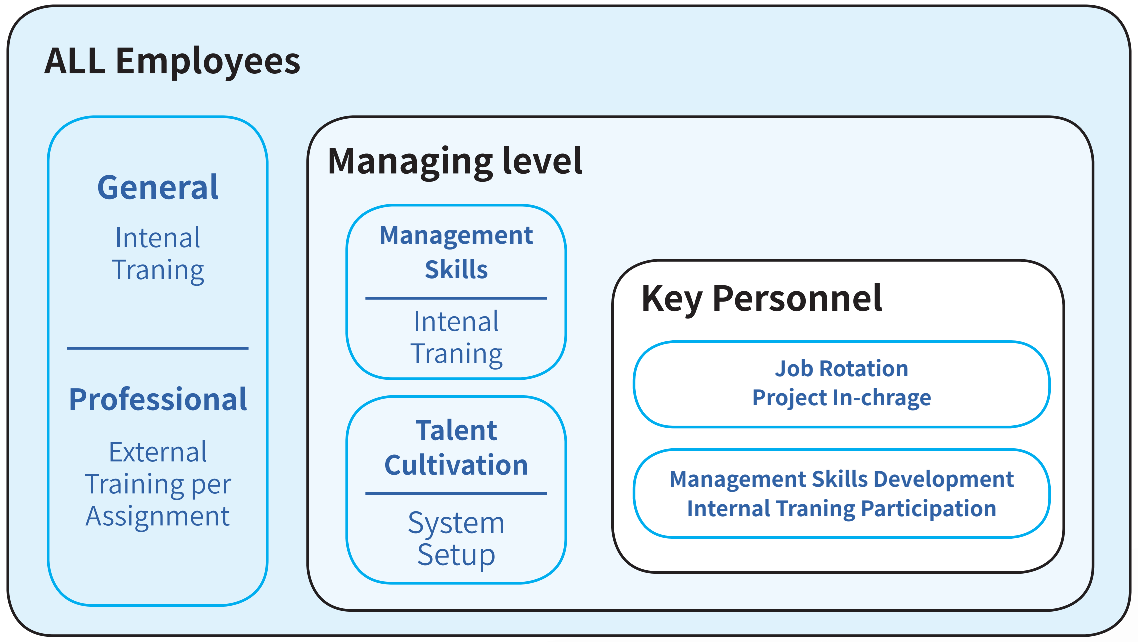
(4) Implementation of Employ Welfare and Retirement Program:

In addition to being insured under Labor Insurance and National Health Insurance as required by relevant regulations for employees, all employees are provided with group insurance program with a life insurance company. Apart from annual health examination, specified inspection items are tailor-made for the employees of Chia-Pei International Corporation and Tong Yang Chia Hsin International Corporation who work at the ports. The Employee Welfare Committee provides varied benefits such as gifts for major festivals, birthdays, as well as wedding allowance, funeral allowance, hospitalization condolence payments, gratitude for the retired and the dismissed, employee's and children's education grants, etc. Besides the Labor Standards Law regarding pension charges, the Company also provide a variety of programs and activities, and we celebrated the 65th anniversary in 2019.

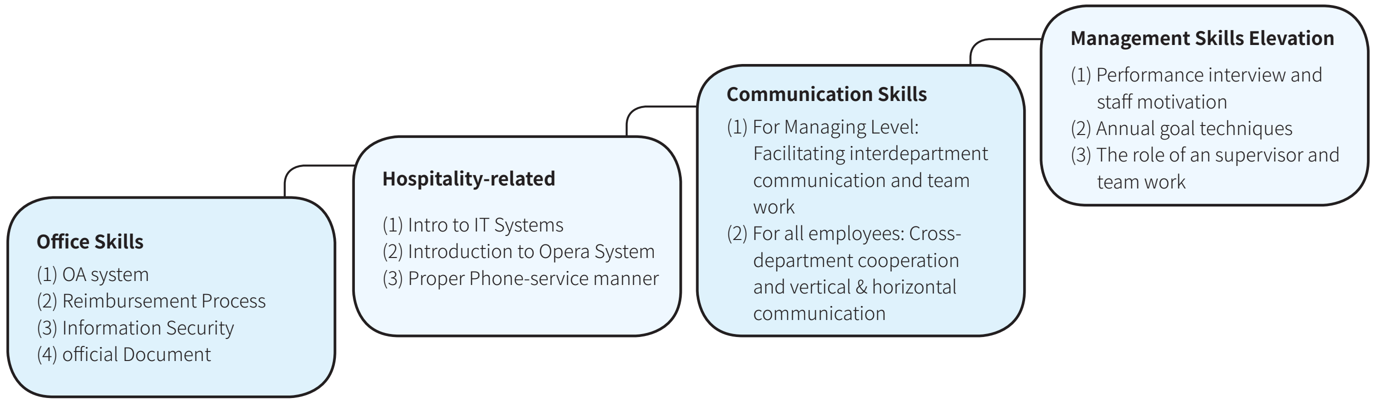
(5) Implementation of Employee Training:

HR Division makes internal training plans based on the development and human capital requirement of the company. An organization wide talent review was conducted in the beginning of the year to understand the skill sets needed, in terms of hierarchy and debarment, both professionally and generally. External training requirement is included in performance evaluation to ensure employee's personal growth. The statistics are as follows, which all shows good result of our employee training policy—for internal training, HR held seven management training sessions for a total of 42 hours and 200 people. Seventeen general training sessions were held, for a total of 37.5 hours and 326 people; for external training, 240 people participated in courses with a total 1170 hours. Moreover, 63 people participated in one of two seminars on workplace equality for a total of 4 hours.

Employees' Training and Education Program



Internal Training and Education Content



(6) Certification Acquired by Employees:

The requirement for certification is on a case by case basis and largely depends on the need of a job. The Company encourages employees to take part in on-the-job training to be certified. Among all of our employees, we have two CFA certified, one CIA certified, two R.O.C. CPA certified, one certified mining-engineer, one certified land registration agent, four certified stacking operating technicians, four stationary crane operating technicians, and as for qualification: one mining-safety-procedure-training, five for basic corporate governance ability exam, three for Level-A-electricians, one for HACCO, five for labor safety and health management training, one firefighting administrator training, and two for dust and oxygen-deficient air operation management training.

(7) Protection Measures for Work Safety and Personal Safety:

In promoting workplace safety, the Company is fully in compliance with Occupational Safety and Health Act. We sent employees to take part in government-planned training and strictly requested subcontractors to maintain safety protocols and conduct disaster prevention drill. As for personnel safety, the Company provides comprehensive safety measures: all employees are provided with group medical insurance program with a life insurance company, apart from labor insurance and national health insurance. For expatriate employees and those on business trips abroad, an additional overseas travel insurance with NTD 3,000,000 coverage and accident medical insurance with NTD 40,000 coverage are provided.

(8) Employee Behavior and Code of Ethics:

For a long time, the Company hold on to its business philosophy of honesty. We have the right people in the right places with the proper amount of work load, so all can maximize work efficiency. The Company emphasizes the importance of self-restraint, ethics, and all employees act in compliance with relevant work rules and personnel management regulations.

(9) Loss Resulted from Labor Dispute up to the Publication date of the Annual Report:None

5.6 Important Contracts

Nature of Contract	Counterparty	Contract Period	Major Content	Restri-ctions
Lease Agreement (Note 1)	Chia Hsin Cement Corporation / Keelung Harbor Bureau	23 years and 9 months starting on 10/07/2000	The Company rented land between the back side of Wharf W33 and the west wave breaker from Keelung Harbor Bureau, and built a cement silo and auxiliary equipment in the name of Keelung Harbor Bureau as advance rental payments. Ownership belongs to Keelung Harbor Bureau in accordance with Article 12 of the Commercial Harbor Law.	
Lease Agreement (Note 1)	Chia Hsin Cement Corporation / Keelung Harbor Bureau	35 years and 5 months starting on 12/10/2009	The Company leased wharfs (E13, E14 and E15) at Taipei Port First Bulk Cargo Center from Keelung Harbor Bureau, and agreed to construct wharf E16 and jointly construct warehouse facilities, offices and storage and transport equipment at the back side of the Center. The facilities and equipment are used for loading & unloading, storage and transport of coal, gravel and bulk and general cargo.	
Storage and Transport Agreement	Chia Hsin Cement Corporation / CHC Resources Corporation	10/25/2010 - 05/10/2045	The Company built warehouse facilities at the back side of wharfs (E14, E15 and E16) at Taipei Port First Bulk Cargo Center and mainly uses the facilities for storage and transport of slag powder and related products of CHC Resources Corporation. The warehouse is managed by CHC Resources Corporation, which is responsible for work safety, environmental protection, site utilization, facility operation and maintenance, and insurance within the contract period.	
Lease Agreement	Chia Hsin Property Management & Development Corporation/Nat'l Taiwan University	05/16/2014 - 05/15/2024	Long term rental of Japanese-style house and attached buildings on Hangzhou South Road, Taipei from Nat'l Taiwan University.	
Lease Agreement	Tong Yang Chia Hsin International Corporation/ Port of Taichung, Taiwan International Ports Corporation, Ltd.	12/01/2014 - 12/31/2024	Rented Port of Taichung No. 27 Wharf 1st line land, cement silo and auxiliary facilities.	
Loading/ Unloading, storage and transport Agreement	Chia Pei Int'l Corp./ Formosa Plastic Groups	08/01/2014 - 07/31/2020	Provide unloading, storage, and truck loading services of coal at Taipei Port First Bulk Cargo Center.	
Leasing Agreement	Chia Hsin Property Management & Development Corporation / POYA Int'l Co., Ltd.	12/01/2015 - 11/30/2035	Rental of two lots of land at Kangshan District, Kaohsiung (No. 2197-4 and No. 2205), total 8,413 ping.	
Leasing Agreement	Chia Hsin Property Management & Development Corporation / Family Mart	01/01/2016 - 12/31/2035	Rental of six lots of land (No. 2197) at Kangshan District, Kaohsiung, total 15,130 ping.	
Lease Agreement	Chia Hsin Property Management & Development Corporation / Gipin Health	08/16/2015 - 05/15/2024	Long term rental of Japanese-style house and attached buildings on Hangzhou South Road, Taipei.	
Lease Agreement	Chia Hsin Property Management & Development Corporation / Family Mart	01/01/2017 - 12/31/2035	Increase rental of land No. 2197-3 , 965.88 ping at Kangshan District, Kaohsiung.	
Lease Agreement	Chia Hsin Property Management & Development Corporation/ SHL Group	08/01/2017 - 01/31/2031	Long term rental of land No. 2, 3, 201 and 212 in Wufu Section, Luzhu District, Taoyuan.	
Construction Contract	CHC Ryukyu Development GK/ Kumagai Gumi Co., Ltd.	11/01/2017 - 10/31/2019	Main building construction of CHC Naha hotel.	
Lease Agreement	JAHO Life Plus and Management Corp./ Chen Xiuxia, Chen Xiuchuan, Chen Xiulong, Chen Xiumin, Chen Xiufeng, Chen Zhangji, Chen Weiyuan, Chen Weida	01/01/2018 - 12/31/2028	Long term rental of a building at 230 Dunhua North Road, Songshan District, Taipei.	
Engineering Contract	CHC Ryukyu Development GK/ NEC Corporation	01/15/2019 - 10/30/2019	Installation of the IT and weak current system for CHC Naha Hotel.	
Construction design and supervision contract	CHC Ryukyu Development GK/ Kengo Kuma & Associates	05/28/2018 - Completion of Toyosaki construction project.	Construction planning, design, and supervision of Toyosaki project.	
Compensation Agreement for State-owned Land Use Right Recovery	Jiangsu Union Cement Co., Ltd./ Zhenjiang Urban Construction Industry Group Co., Ltd.	05/18/2018 -Completion of land transfer procedures.	Disposition of land use right, buildings, and constructions.	

Nature of Contract	Counterparty	Contract Period	Major Content	Restri-ctions
Tidal flat land use right transfer agreement	Jiangsu Union Cement Co., Ltd. / Zhenjiang Urban Construction Industry Group Co., Ltd.	05/18/2018 -Completion of land transfer procedures.	Disposition of tidal flat land use right.	
Compensation Agreement for Acquisition for Reserve	Shanghai Jia Huan Concrete Co., Ltd./ Shanghai Xuhui District Land Reserve Center / Shanghai Xuhui District Binjiang Development Investment Construction Co., Ltd.	Agreement signed on 08/29/2018 The procedure for changing the registration of land property right certificate has not been completed yet.	Disposition of land at No. 2200, Longwu Road, Xuhui District, Shanghai.	
Lease Agreement	Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd./ Yangzhou Tianlegang Holiday Concourse	12/01/2018 - 02/28/2034	Long term rental of a building in Yangzhou.	
Renovation Construction Contract	Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd./Nanjing Jinhong Decoration Engineering Co., Ltd.	02/08/2020- 07/08/2020	Renovation construction.	
Management Agreement	CHC Ryukyu Development GK/IHG Japan (Management) LLC	Signed on 08/17/2019	Hotel operation and management of Toyosaki project.	

Note 1: Pursuant to Article 9 of the Taiwan International Ports Corporation, Ltd. Establishment Act, the contract between the Company and Keelung Harbor Bureau was transferred to Taiwan International Ports Corporation, Ltd. on March 1st, 2012.

6. Financial Information

6.1 Five Year Financial Summary

Condensed Balance Sheet and Statements of Comprehensive Income -IFRS

Condensed Consolidated Balance Sheet-IFRS

Unit: NTD thousands

Item \ Year		Financial Summary for The Last 5 Years (Note 1)				
		2019	2018	2017	2016	2015
Current assets		10,657,604	11,150,914	9,106,166	9,443,483	10,683,575
Property, plant and equipment		6,535,574	3,467,524	2,852,330	2,026,241	2,336,208
Intangible assets		5,518	-	-	-	-
Other assets		21,521,938	17,367,191	16,359,490	14,659,193	14,363,259
Total assets		38,720,634	31,985,629	28,317,986	26,128,917	27,383,042
Current liabilities	Before distribution	3,700,460	3,195,396	2,317,056	1,981,486	1,526,371
	After distribution	(Note 2)	3,856,136	2,644,659	2,112,528	1,591,891
Non-current liabilities		11,343,949	7,870,414	6,740,090	8,334,173	11,810,325
Total Liabilities	Before distribution	15,044,409	11,065,810	9,057,146	10,315,659	13,336,696
	After distribution	(Note 2)	11,726,550	9,384,749	10,446,701	13,402,216
Equity attributable to owners of the Company		22,813,442	19,019,812	17,511,786	14,103,781	12,375,824
Share capital		7,747,805	7,747,805	7,747,805	7,747,805	7,768,285
Capital surplus		847,377	703,931	642,168	617,579	605,975
Retained earnings	Before distribution	10,660,775	9,672,041	9,074,455	8,335,423	8,373,346
	After distribution	(Note 2)	8,900,260	8,687,065	8,180,467	8,295,868
Other equity		4,654,268	2,082,579	1,196,784	(1,447,600)	(3,201,522)
Treasury shares		(1,096,783)	(1,186,544)	(1,149,426)	(1,149,426)	(1,170,260)
Non-controlling interest		862,783	1,900,007	1,749,054	1,709,477	1,670,522
Total equity	Before distribution	23,676,225	20,919,819	19,260,840	15,813,258	14,046,346
	After distribution	(Note 2)	20,259,079	18,933,237	15,682,216	13,980,826

Note 1: The financial information has been audited by CPAs.
Note 2: Distribution of 2019 earnings is pending for resolution by AGM.

Condensed Consolidated Statements of Comprehensive Income-IFRS

Unit: NTD thousands

Item \ Year	Financial Summary for The Last 5 Years (Note 1)				
	2019	2018	2017	2016	2015
Operating revenues	1,884,002	2,092,406	2,095,607	3,140,190	2,826,519
Gross profit	198,597	288,488	282,321	95,421	(107,748)
(Loss) profit from operations	(434,786)	(103,601)	(229,484)	(457,478)	408,964
Non-operating income and expenses	1,420,557	531,481	1,311,027	536,639	(214,064)
Profit before income tax from continuing operations	985,771	427,880	1,081,543	79,161	194,900
Net profit from continuing operations	818,510	254,597	977,309	9,806	213,321
Net profit of discontinued operations	590,161	514,526	-	-	-
Net profit for the year	1,408,671	769,123	977,309	9,806	213,321
Other comprehensive income (loss) (Net of tax)	3,141,141	711,350	2,725,318	1,836,923	(5,168,459)
Total comprehensive income (loss) for the year	4,549,812	1,480,473	3,702,627	1,846,729	(4,955,138)
Net profit attributable to owners of the Company	1,297,473	699,755	895,198	24,889	221,518
Net profit attributable to non-controlling interest	111,198	69,368	82,111	(15,083)	(8,197)
Total comprehensive income attributable to owners of the Company	4,326,485	1,384,470	3,538,372	1,793,477	(4,760,135)
Total comprehensive income attributable to non-controlling interest	223,327	96,003	164,255	53,252	(195,003)
Earnings per share (NTD)	2.02	1.09	1.39	0.04	0.34

Note 1: The financial information has been audited by CPAs.

Condensed Parent Company Only Balance Sheet-IFRS

Unit: NTD thousands

Item \ Year		Financial Summary for The Last 5 Years (Note 1)				
		2019	2018	2017	2016	2015
Current assets		3,709,387	3,650,324	3,552,127	3,542,396	3,122,319
Property, plant and equipment		959,470	1,099,989	1,227,458	1,421,643	1,102,891
Intangible assets		-	-	-	-	-
Other assets		25,798,495	20,358,821	18,226,318	14,937,494	14,866,254
Total assets		30,467,352	25,109,134	23,005,903	19,901,533	19,091,464
Current liabilities	Before distribution	2,110,520	1,600,289	1,421,867	1,197,923	814,760
	After distribution	(Note 2)	2,372,070	1,809,257	1,352,879	892,238
Non-current liabilities		5,543,390	4,489,033	4,072,250	4,599,829	5,900,880
Total Liabilities	Before distribution	7,653,910	6,089,322	5,494,117	5,797,752	6,715,640
	After distribution	(Note 2)	6,861,103	5,881,507	5,952,708	6,793,118
Share capital		7,747,805	7,747,805	7,747,805	7,747,805	7,768,285
Capital surplus		847,377	703,931	642,168	617,579	605,975
Retained earnings	Before distribution	10,660,775	9,672,041	9,074,455	8,335,423	8,373,346
	After distribution	(Note 2)	8,900,260	8,687,065	8,180,467	8,295,868
Other equity		4,654,268	2,082,579	1,196,784	(1,447,600)	(3,201,522)
Treasury shares		(1,096,783)	(1,186,544)	(1,149,426)	(1,149,426)	(1,170,260)
Total equity	Before distribution	22,813,442	19,019,812	17,511,786	14,103,781	12,375,824
	After distribution	(Note 2)	18,359,072	17,184,183	13,972,739	12,310,304

Note 1: The financial information has been audited by CPAs.

Note 2: Distribution of 2019 earnings is pending for resolution by AGM.

Condensed Parent Company Only Statements of Comprehensive Income-IFRS

Unit: NTD thousands

Item \ Year	Financial Summary for The Last 5 Years (Note 1)				
	2019	2018	2017	2016	2015
Operating revenues	1,249,323	1,204,046	1,173,223	1,283,278	1,417,739
Gross profit	29,299	7,448	46,157	118,552	131,012
(Loss) profit from operations	(214,529)	(173,787)	(112,898)	(15,353)	(13,755)
Non-operating income and expenses	1,593,740	944,776	1,075,860	59,145	106,107
Profit before income tax from continuing operations	1,379,211	770,989	962,962	43,792	92,352
Net profit from continuing operations	1,297,473	699,755	895,198	24,889	221,518
Net profit of discontinued operations	-	-	-	-	-
Net profit for the year	1,297,473	699,755	895,198	24,889	221,518
Other comprehensive income (loss) (Net of tax)	3,029,012	684,715	2,643,174	1,768,588	(4,981,653)
Total comprehensive income (loss) for the year	4,326,485	1,384,470	3,538,372	1,793,477	(4,760,135)
Earnings per share (NTD)	2.02	1.09	1.39	0.04	0.34

Note 1: The financial information has been audited by CPAs.

Past 5 Years CPA's Opinion

Year	Name of the CPAs	CPAs' Opinion
2015	Robert Yu, Angus Chang	Unqualified
2016	Robert Yu, Angus Chang	Unqualified
2017	Robert Yu, Angus Chang	Unqualified
2018	Robert Yu, Angus Chang	Unqualified
2019	Robert Yu, Angus Chang	Unqualified

6.2 Five Year Financial Analysis

Consolidated Financial Analysis-IFRS

Item \ Year		Financial analysis (Note 1)				
		2019	2018	2017	2016	2015
Financial Structure (%)	Debt ratio	38.85	34.60	31.98	39.48	48.70
	Ratio of long-term capital to property, plant and equipment	535.84	830.28	911.57	1,191.74	1,106.78
Solvency (%)	Current ratio	288.01	348.97	393.01	476.59	699.93
	Quick ratio	284.83	321.92	359.07	428.15	609.52
	Interest earned ratio (times)	884.56	593.43	1,170.83	141.31	186.15
Operating perform-ance	Average collection turnover (times)	7.05	8.17	7.20	9.13	6.34
	Average collection period (days)	52	45	51	40	58
	Inventory turnover (times)	2.8	1.43	1.24	2.14	1.75
	Average payment turnover (times)	8.44	9.48	7.23	7.82	5.41
	Inventory turnover period (days)	130	255	295	171	209
	Property, plant and equipment turnover (times)	0.38	0.66	0.86	1.44	1.04
	Total assets turnover (times)	0.05	0.07	0.07	0.12	0.10
Profitability	Return on assets (%)	4.27	2.78	3.90	0.63	1.31
	Return on equity (%)	6.32	3.83	5.57	0.07	1.28
	Profit before income tax over paid-in capital (Note 6)	12.72	5.52	13.96	1.02	2.51
	Net profit margin (%)	74.77	36.76	46.64	0.31	7.55
	Earnings per share (NTD)	2.02	1.09	1.39	0.04	0.34
Cash Flow	Cash flow ratio (%)	0.00	0.00	17.41	20.94	19.88
	Cash flow adequacy ratio (%)	17.68	29.24	29.79	34.03	59.60
	Cash reinvestment ratio (%)	0.00	0.00	0.86	1.15	0.24
Leverage	Operating leverage	(0.53)	(3.25)	(1.58)	(0.29)	0.13
	Financial leverage	0.78	0.54	0.69	0.7	2.24

Analysis of financial ratio differences reaching 20% for the last two years.

1. Decrease of ratio of long-term capital to property, plant and equipment, property, plant and equipment turnover and cash flow adequacy ratio: Mainly due to the ongoing construction project of Hotel Collective in Okinawa, Japan in 2019, resulting in an increase in property, plant and equipment.
2. Increase of interest earned ratio, return on total assets, return on equity, profit before income tax over paid-in capital, net profit margin, earnings per share: Mainly due to the increase of cash dividend in 2019, resulting in an increase of net profit for the year.
3. In 2019, Chia Hsin Construction Development Corporation ("CHCDC") was no longer one of the Group's subsidiaries, resulting in the decrease in both inventory and total assets, further increase in inventory turnover, but decrease in average days in sales and total assets turnover.
4. Decrease of the absolute value of operating leverage but increase of financial leverage: Mainly due to the undergoing preparation stage of Hotel Collective in Okinawa, Japan in 2019, the increase of operating expenses resulting in a higher operating loss.

Note 1: The financial data has been reviewed by CPAs.

Note 2: The calculation formulas of the analysis are as follows,

1. Financial Structure
   (1) Debt ratio=total liabilities/total assets
   (2) Ratio of long-term capital to property, plant and equipment=(total equity+non-current liabilities)/net property, plant and equipment
2. Solvency
   (1) Current ratio=current assets/current liabilities
   (2) Quick Ratio=(current assets-inventories-prepaid expenses)/current liabilities
   (3) Interest earned ratio=profit before income tax & interest/interest expenditure
3. Operating performance
   (1) Average collection turnover=net sales/average trade receivables (including A/R and N/R from business operating)
   (2) Average collection period=365/(average collection turnover)
   (3) Inventory turnover=cost of sales/average inventory
   (4) Average payment turnover =cost of sales/average trade payables (including A/P and N/P from business operating)
   (5) Inventory turnover period=365/ inventory turnover
   (6) Property, plant and equipment turnover=operating revenue/average net property, plant and equipment
   (7) Total assets turnover=operating revenue/average total assets
4. Profitability
   (1) Return on assets=[net profit for the year+interest expense*(1-tax rate)]/average total assets
   (2) Return on equity=net profit for the year/average total equity
   (3) Net profit margin=net profit for the year/operating revenue
   (4) Earnings per share=(net profit attributable to owners of the Company-preferred stock dividend)/weighted average outstanding shares (Note 3)
5. Cash flows
   (1) Cash flow ratio=net cash flow provided by operating activities/current liabilities
   (2) Cash flow adequacy ratio=net cash flow provided by operating activities for the latest 5 years/(capital expenditure+inventory increase+cash dividend) for the latest 5 years
   (3) Cash reinvestment ratio=(net cash flow provided by operating activities-cash dividend) /(gross property, plant and equipment+long-term investment+other non-current assets+working capital) (Note 4)
6. Leverage
   (1) Operating leverage=(net operating revenue-variable operating costs and expenses) /profit from operations (Note 5)
   (2) Financial Leverage=profit from operations/(profit from operation-interest expenses)

Note 3: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 4: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 5: Operating costs and operating expenses shall be separated by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 6: In the case of a company whose shares have no par value or have a par value other than NTD10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

Parent Company Only Financial Analysis-IFRS

Item	Year	Financial analysis (Note 1)				
		2019	2018	2017	2016	2015
Financial Structure (%)	Debt ratio	25.12	24.25	23.88	29.13	35.18
	Ratio of long-term capital to property, plant and equipment	2,955.47	2,137.19	1,758.43	1,315.63	1,657.16
Solvency (%)	Current ratio	175.76	228.10	249.82	295.71	383.22
	Quick ratio	173.82	227.10	246.59	287.77	367.22
	Interest earned ratio (times)	1,519.99	1,145.49	1,484.64	149.22	169.56
Operating performance	Average collection turnover (times)	5.26	5.18	5.67	4.90	5.28
	Average collection period (days)	69	70	65	75	70
	Inventory turnover (times)	41.60	45.49	19.77	14.43	13.96
	Average payment turnover (times)	6.47	7.34	7.09	6.05	6.26
	Inventory turnover period (days)	9	8	19	26	27
	Property, plant and equipment turnover (times)	1.21	1.03	0.89	1.02	1.20
	Total assets turnover (times)	0.04	0.05	0.05	0.07	0.07
Profitability	Return on assets (%)	4.95	3.15	4.44	0.51	1.47
	Return on equity (%)	6.20	3.83	5.66	0.19	1.49
	Profit before income tax over paid-in capital (Note 6)	17.80	9.95	12.43	0.57	1.19
	Net profit margin (%)	103.85	58.12	76.30	1.94	15.62
	Earnings per share (NTD)	2.02	1.09	1.39	0.04	0.34
Cash Flow	Cash flow ratio (%)	0	0	13.83	17.90	81.66
	Cash flow adequacy ratio (%)	27.22	32.12	40.48	33.66	61.18
	Cash reinvestment ratio (%)	0	0	0.18	0.67	2.11
Leverage	Operating leverage	(0.53)	(0.59)	(1.85)	(15.93)	(19.15)
	Financial leverage	0.69	0.70	0.62	0.15	0.09

Analysis of financial ratio differences reaching 20% for the last two years.

1. Increase of ratio of long-term capital to property, plant and equipment: Mainly due to an increase in valuation profit from financial assets resulting in an increase in net worth.
2. Decrease of current ratio: Mainly due to the increase of long-term loans due within one year.
3. Increase of interest earned ratio, return on total assets, return on equity, pre-tax income over paid-in capital, net profit ratio and earnings per share: Mainly due to the increase of cash dividend in 2019 resulting in the increase in both pre-tax income and net profit for the year.
4. Decrease of total assets turnover: Mainly due to increase of both investments under equity method and financial leasing receivables in 2019, resulting in an increase of average total assets.

Note 1: Financial data has been reviewed by CPAs.

Note 2: The calculation formulas of the analysis are as follows,

1. Financial Structure
   (1) Debt ratio=total liabilities/total assets
   (2) Ratio of long-term capital to property, plant and equipment=(total equity+non-current liabilities)/net property, plant and equipment
2. Solvency
   (1) Current ratio=current assets/current liabilities
   (2) Quick Ratio=(current assets-inventories-prepaid expenses)/current liabilities
   (3) Interest earned ratio=profit before income tax & interest/interest expenditure
3. Operating performance
   (1) Average collection turnover=net sales/average trade receivables (including A/R and N/R from business operating)
   (2) Average collection period=365/(average collection turnover)
   (3) Inventory turnover=cost of sales/average inventory
   (4) Average payment turnover =cost of sales/average trade payables (including A/P and N/P from business operating)
   (5) Inventory turnover period=365/ inventory turnover
   (6) Property, plant and equipment turnover=operating revenue/average net property, plant and equipment
   (7) Total assets turnover=operating revenue/average total assets
4. Profitability
   (1) Return on assets=[net profit for the year+interest expense*(1-tax rate)]/average total assets
   (2) Return on equity=net profit for the year/average total equity
   (3) Net profit margin=net profit for the year/operating revenue
   (4) Earnings per share=(net profit attributable to owners of the Company-preferred stock dividend)/weighted average outstanding shares (Note 3)
5. Cash flows
   (1) Cash flow ratio=net cash flow provided by operating activities/current liabilities
   (2) Cash flow adequacy ratio=net cash flow provided by operating activities for the latest 5 years/(capital expenditure+inventory increase+cash dividend) for the latest 5 years
   (3) Cash reinvestment ratio=(net cash flow provided by operating activities-cash dividend) /(gross property, plant and equipment+long-term investment+other non-current assets+working capital) (Note 4)
6. Leverage
   (1) Operating leverage=(net operating revenue-variable operating costs and expenses) /profit from operations (Note 5)
   (2) Financial Leverage=profit from operations/(profit from operation-interest expenses)

Note 3: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 4: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 5: Operating costs and operating expenses shall be separated by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 6: In the case of a company whose shares have no par value or have a par value other than NTD10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

6.3 Audit Committee's Report on Financial Statements

Chia Hsin Cement Corporation

Audit Committee's Review Report

We have examined the Company's 2019 Business Report, Financial Statements of December 31, 2019, and the proposed plan to distribute earnings, and we did not find any improper items in the above-mentioned reports and statements. We hereby report to the 2019 General Meeting of Shareholders in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law as such.

Independent Directors:

Su, Robert K.

Chen, Chia-Shen

Chen, Kuan-Ming

Mar. 25, 2020

6.4 Consolidated Financial Statements

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates of Chia Hsin Cement Corporation as of and for the year ended December 31, 2019, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, Chia Hsin Cement Corporation and subsidiaries have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,
CHIA HSIN CEMENT CORPORATION

By

JASON K. L. CHANG
Chairman

March 30, 2020

Deloitte.

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INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders
Chia Hsin Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Group's consolidated 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 Group mainly comes from the sale of cement. For the year ended December 31, 2019, the sales of cement accounted for 55% of the total consolidated operating revenue, which is equivalent to $1,027,929 thousand. Due to the concentration of sales to target clients in the Group' 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 relevant explanation of accounting policies and notes to the financial statements, please refer to Notes 4 and 27.

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.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Taipei, Taiwan
Republic of China

March 30, 2020

Notice to Readers

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

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

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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)	$ 2,066,897	6	$ 1,969,663	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,619,603	4	1,860,278	6
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	2,631,817	7	2,057,216	6
Notes receivable (Notes 4, 5, 9 and 27)	165,280	1	195,059	1
Trade receivables (Notes 4, 5, 9 and 27)	61,142	-	104,646	-
Trade receivables from related parties (Notes 4, 5, 27 and 37)	2,680	-	5,843	-
Finance lease receivables (Notes 3, 4 and 11)	2,504	-	-	-
Other receivables (Notes 4 and 10)	403,004	1	32,391	-
Other receivables from related parties (Notes 4 and 37)	125,707	-	159,621	-
Current tax assets (Notes 4 and 29)	775	-	5,427	-
Inventories (Notes 4 and 12)	44,910	-	694,144	2
Prepayments (Note 21)	72,733	-	170,064	1
Disposal groups held for sale (Notes 4, 13 and 37)	42,537	-	483,105	2
Other financial assets - current (Notes 4 and 14)	3,418,015	9	3,413,408	11
Refundable deposits - current (Note 4)	-	-	49	-
Total current assets	10,657,604	28	11,150,914	35
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 38)	10,548,178	27	8,700,592	27
Investments accounted for using the equity method (Notes 4 and 16)	2,649,668	7	866,466	3
Property, plant and equipment (Notes 4, 17 and 38)	6,535,574	17	3,467,524	11
Right-of-use assets (Notes 3, 4 and 18)	1,840,905	5	-	-
Investment properties (Notes 4, 19 and 38)	6,230,263	16	7,559,949	24
Intangible assets (Notes 4 and 20)	5,518	-	-	-
Deferred tax assets (Notes 4 and 29)	160,635	-	129,228	-
Refundable deposits (Note 4)	30,195	-	63,472	-
Finance lease receivables - non-current (Notes 3, 4 and 11)	9,496	-	-	-
Other financial assets - non-current (Notes 4, 14 and 38)	23,588	-	21,353	-
Prepayment - non-current (Note 21)	-	-	14,809	-
Other non-current assets (Note 21)	29,010	-	11,322	-
Total non-current assets	28,063,030	72	20,834,715	65
TOTAL	$ 38,720,634	100	$ 31,985,629	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 22 and 38)	$ 800,600	2	$ 821,280	3
Short-term bills payable (Note 22)	269,758	1	304,835	1
Contract liabilities - current (Notes 4 and 27)	9,479	-	7,191	-
Notes payable (Note 23)	2,906	-	2,151	-
Trade payables (Note 23)	110,538	1	110,582	-
Trade payables to related parties (Note 37)	83,580	-	89,849	-
Other payables (Note 24)	830,712	2	591,866	2
Current tax liabilities (Notes 4 and 29)	53,677	-	57,942	-
Liabilities directly associated with disposal group held for sale (Note 13)	380,771	1	653,859	2
Lease liabilities - current (Notes 3, 4 and 18)	107,050	-	-	-
Advance receipts (Note 24)	41,359	-	2,859	-
Current portion of long-term borrowings (Notes 22 and 38)	983,678	3	519,000	2
Guarantee deposits - current (Note 37)	25,202	-	32,736	-
Other current liabilities (Note 24)	1,150	-	1,246	-
Total current liabilities	3,700,460	10	3,195,396	10
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 22 and 38)	7,553,594	20	6,090,037	19
Deferred tax liabilities (Notes 4 and 29)	1,511,484	4	1,404,167	4
Lease liabilities - non-current (Notes 3, 4 and 18)	1,737,410	4	-	-
Deferred revenue - non-current (Notes 24 and 31)	441,549	1	198,512	1
Net defined benefit liabilities - non-current (Notes 4 and 25)	3,208	-	12,620	-
Guarantee deposits - non-current (Note 37)	96,704	-	165,078	1
Total non-current liabilities	11,343,949	29	7,870,414	25
Total liabilities	15,044,409	39	11,065,810	35
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)				
Share capital				
Ordinary shares	7,747,805	20	7,747,805	24
Capital surplus	847,377	2	703,931	2
Retained earnings				
Legal reserve	2,143,611	6	2,073,636	7
Special reserve	2,346,051	6	2,346,051	7
Unappropriated earnings	6,171,113	16	5,252,354	16
Total retained earnings	10,660,775	28	9,672,041	30
Other equity	4,654,268	12	2,082,579	7
Treasury shares	(1,096,783)	(3)	(1,186,544)	(4)
Total equity attributable to owners of the Company	22,813,442	59	19,019,812	59
NON-CONTROLLING INTERESTS (Note 26)	862,783	2	1,900,007	6
Total equity	23,676,225	61	20,919,819	65
TOTAL	$ 38,720,634	100	$ 31,985,629	100

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

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 37)				
Sales	$ 1,039,437	55	$ 996,482	48
Rental revenue	283,563	15	462,437	22
Service revenue	561,002	30	633,487	30
Total operating revenue	1,884,002	100	2,092,406	100
OPERATING COSTS (Notes 12, 28 and 37)				
Cost of goods sold	(1,034,849)	(55)	(1,002,898)	(48)
Rental costs	(102,972)	(5)	(218,332)	(10)
Service costs	(547,584)	(29)	(582,688)	(28)
Total operating costs	(1,685,405)	(89)	(1,803,918)	(86)
GROSS PROFIT	198,597	11	288,488	14
OPERATING EXPENSES (Notes 9, 10, 13, 28 and 37)				
Selling and marketing expenses	(13,233)	(1)	(12,649)	(1)
General and administrative expenses	(620,874)	(33)	(378,530)	(18)
Expected credit loss reversal/(accrual)	724	-	(910)	-
Total operating expenses	(633,383)	(34)	(392,089)	(19)
LOSS FROM OPERATIONS	(434,786)	(23)	(103,601)	(5)
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 28 and 37)	1,204,029	64	607,299	29
Other gains and losses (Notes 4, 28 and 37)	294,329	16	50,798	2
Finance costs (Notes 4 and 28)	(125,646)	(7)	(86,716)	(4)
Share of profit or loss of subsidiary, associates and joint ventures	47,845	3	(39,900)	(2)
Total non-operating income and expenses	1,420,557	76	531,481	25

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ 985,771	53	$ 427,880	20
INCOME TAX EXPENSE (Notes 4 and 29)	(167,261)	(9)	(173,283)	(8)
NET PROFIT FROM CONTINUING OPERATIONS	818,510	44	254,597	12
NET PROFIT FROM DISCONTINUED OPERATIONS (Notes 12, 13 and 17)	590,161	31	514,526	25
NET PROFIT FOR THE YEAR	1,408,671	75	769,123	37
OTHER COMPREHENSIVE INCOME (Notes 4, 25, 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,783	-	436	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	3,107,358	165	695,821	33
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	158,594	9	2,335	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(356)	-	5,968	1
	3,267,379	174	704,560	34
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(169,212)	(9)	4,599	-
Income tax relating to items that may be reclassified subsequently to profit or loss	42,974	2	2,191	-
	(126,238)	(7)	6,790	-
Other comprehensive income for the year, net of income tax	3,141,141	167	711,350	34
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 4,549,812	242	$ 1,480,473	71

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019 Amount	2019 %	2018 Amount	2018 %
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,297,473	69	$ 699,755	34
Non-controlling interests	111,198	6	69,368	3
	$ 1,408,671	75	$ 769,123	37
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	4,326,485	230	1,384,470	66
Non-controlling interests	223,327	12	96,003	5
	$ 4,549,812	242	$ 1,480,473	71
EARNINGS PER SHARE (Note 30)				
From continuing and discontinued operations				
Basic	$ 2.02		$ 1.09	
Diluted	$ 2.01		$ 1.09	
From continuing operations				
Basic	$ 1.10		$ 0.29	
Diluted	$ 1.09		$ 0.29	

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

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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	Non-controlling Interests	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	$ 1,810,706	$ 19,808,793
Appropriation of 2017 earnings (Note 26)											
Legal reserve	-	-	89,520	-	(89,520)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(387,390)	-	-	-	(387,390)	-	(387,390)
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	(105,522)	105,522	-	-	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	699,755	-	-	-	699,755	69,368	769,123
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,793	6,962	675,960	-	684,715	26,635	711,350
Changes in capital surplus due to cash dividends of the Company paid to subsidiary (Note 26)	-	59,787	-	-	-	-	-	-	59,787	-	59,787
Disposal of investment in equity shares of subsidiaries (Notes 26 and 33)	-	538	-	-	-	-	-	-	538	793	1,331
Decrease in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	(7,529)	(7,529)
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	(37,118)	(37,118)	-	(37,118)
Unclaimed dividends extinguished by prescription (Note 26)	-	1,438	-	-	-	-	-	-	1,438	34	1,472
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	1,900,007	20,919,819
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	2,949	-	-	-	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	1,900,007	20,922,768
Appropriation of 2018 earnings (Note 26)											
Legal reserve	-	-	69,975	-	(69,975)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(771,781)	-	-	-	(771,781)	-	(771,781)
Net profit for the year ended December 31, 2019	-	-	-	-	1,297,473	-	-	-	1,297,473	111,198	1,408,671
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	3,002	(119,006)	3,145,016	-	3,029,012	112,129	3,141,141
Changes in capital surplus due to cash dividends of the Company paid to subsidiary (Note 26)	-	111,041	-	-	-	-	-	-	111,041	-	111,041
Changes in percentage of ownership interests in subsidiaries (Notes 26 and 32)	-	24,925	-	-	121,046	2,770	(121,046)	93,716	121,411	(1,187,795)	(1,066,384)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income of associates (Note 26)	-	-	-	-	48,301	-	(48,301)	-	-	-	-
Decrease in non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	(75,574)	(75,574)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income of the Company (Note 26)	-	-	-	-	287,744	-	(287,744)	-	-	2,630	2,630
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	(3,955)	(3,955)	-	(3,955)
Unclaimed dividends extinguished by prescription (Note 26)	-	7,480	-	-	-	-	-	-	7,480	188	7,668
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	$ 862,783	$ 23,676,225

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

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	$ 985,771	$ 427,880
Income before income tax from discontinued operations	590,161	514,526
Income before income tax	1,575,932	942,406
Adjustments for:		
Depreciation expense	319,043	248,820
Amortization expenses	320	-
Expected credit loss recognized (reversed) on trade receivables	(724)	1,003
Net gain on fair value changes of financial assets at fair value through profit or loss	(333,681)	(66,846)
Finance costs	125,646	89,599
Interest income	(118,357)	(90,014)
Dividend income	(1,022,944)	(455,528)
Share of profit of associates and joint ventures	(47,845)	39,900
(Gain) loss on disposal of property, plant and equipment	(78)	20,961
Loss on disposal of investment properties	6,547	65,044
Gain on lease modification	(39)	-
(Gain) loss on disposal of assets held for sale	(597,422)	10,428
Gain on disposal of investments	(11,227)	-
Impairment loss recognized (reversed) on non-financial assets	514	(374,160)
Net loss (gain) on foreign currency exchange	47,928	(44,770)
Amortization of prepayments for lease	-	5,140
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	280,814	(689,813)
Notes receivable	29,996	(47,943)
Trade receivables	43,867	(50,696)
Trade receivables from related parties	3,163	(1,111)
Other receivables	(339,122)	5,092
Inventories	(28,844)	19,322
Prepayments	90,259	(107,026)
Contract liabilities	2,299	(2,473)
Notes payable	755	(632)
Trade payables	(44)	(33,873)
Trade payables to related parties	(6,269)	58,924
Other payables	12,606	19,875
Advanced receipts	39,683	-
Other current liabilities	(126)	600
Net defined benefit liability	(923)	(6,797)
Cash generated from (used in) operations	71,727	(444,568)
Interest paid	(182,198)	(113,628)
Income tax paid	(51,049)	(77,805)
Net cash used in operating activities	(161,520)	(636,001)

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ -	$ (35,502)
Proceeds from sale of financial assets at fair value through other comprehensive income	319,414	-
Cash returns from capital reduction of investments in financial assets at fair value through other comprehensive income	4,220	667
Net cash outflow on disposal of subsidiaries	(89,443)	-
Cash returns from capital reduction of investments in associates	-	15,780
Proceeds from disposal of disposal groups held for sale	767,792	810,283
Payments for property, plant and equipment	(3,047,200)	(595,563)
Proceeds from disposal of property, plant and equipment	178	14,934
Increase in refundable deposits paid	(1,653)	(14,422)
Increase in other receivables	-	(382)
Decrease (increase) in other receivables from related parties	27,310	(63)
Payments for intangible assets	(5,992)	-
Payments for investment properties	(42,792)	(47,110)
(Payments for) proceeds from disposal of investment properties	(11,430)	1,783
Decrease in finance lease receivables	18,084	-
Increase in other financial assets	(88,429)	(375,715)
(Increase) decrease in other non-current assets	(996)	2,655
Increase in prepayments for equipment	(19,135)	(1,315)
Interest received	122,064	107,164
Other dividends received	1,054,403	460,271
Deferred revenue	251,429	129,588
Net cash (used in) generated from investing activities	(742,176)	473,053
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	(18,260)	(209,642)
(Repayment) proceeds of short-term bills payable	(35,000)	194,953
Proceeds from long-term loans	1,990,197	655,526
(Refunds) proceeds of guarantee deposits received	(2,308)	28,508
Repayment of the principal portion of lease liabilities	(129,415)	-
Dividend paid to owners of the Company	(660,740)	(327,603)
Payments for buy-back of ordinary shares	(3,955)	(37,118)
Partial disposal of interests in subsidiaries without loss of control	-	1,331
Dividends paid to non-controlling interests	(75,576)	(38,424)
Capital injection from non-controlling interests	-	30,895
Net cash generated from financing activities	1,064,943	298,426
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(64,013)	30,996

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

	2019	2018
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 97,234	$ 166,474
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,969,663	1,803,189
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,066,897	$ 1,969,663

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

6.5 Parent Company Only Financial Statements

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

Notice to Readers

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

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

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)

6.6 Influence on the Company's Financial Position for the Occurrence of Financial Difficulties of the Company and its Affiliates in the Past Year and up to the Publication Date of the Annual Report

None.

7. Review and Analysis of Financial Position, Financial Performance, and Risk Management

7.1 Financial Position

Unit: NTD thousands

Item \ Year	2019	2018	Difference	
			Amount	%
Current Assets	10,657,604	11,150,914	(493,310)	(4)
Property, Plant and Equipment	6,535,574	3,467,524	3,068,050	88
Other Assets	21,527,456	17,367,191	4,160,265	24
Total Assets	38,720,634	31,985,629	6,735,005	21
Current Liabilities	3,700,460	3,195,396	505,064	16
Non-current Liabilities	11,343,949	7,870,414	3,473,535	44
Total Liabilities	15,044,409	11,065,810	3,978,599	36
Share Capital	7,747,805	7,747,805	-	-
Capital Surplus	847,377	703,931	143,446	20
Retained Earnings	10,660,775	9,672,041	988,734	10
Other Equity	4,654,268	2,082,579	2,571,689	123
Treasury Shares	(1,096,783)	(1,186,544)	89,761	(8)
Total Equity attributable to Owners of the Company	22,813,442	19,019,812	3,793,630	20
Non-controlling interests	862,783	1,900,007	(1,037,224)	(55)
Total Equity	23,676,225	20,919,819	2,756,406	13.18

Analysis of financial ratio differences reaching 20%:

1. Increase of property, plant and equipment: Mainly due to the ongoing construction project of Hotel Collective in Okinawa, Japan in 2019, resulting in an increase in property, plant and equipment.
2. Increase of other assets and total assets: Mainly due to no longer consolidating CHCDC in the 2019 consolidated financial statements, resulting in the increase in both investments under equity method as well as valuation from financial assets.
3. Increase of non-current liabilities and total liabilities: Mainly due to the increase in long-term loans and financial leasing liabilities.
4. Increase of capital surplus: Mainly due to appropriation adjustment on cash dividend to subsidiaries.
5. Increase of other equity and total equity attributable to owners of the Company: Mainly due to the increase of re-valuation of financial assets by IFRS9.
6. Decrease of non-controlling interests: Mainly due to the sale of CHCDC shares and excluding CHCDC from the 2019 consolidated financial statements.

7.2 Financial Performance

Unit: NTD thousands

Item \ Year	2019	2018	Difference	
			Amount	%
Operating Revenue	1,884,002	2,092,406	(208,404)	(10)
Operating Cost	1,685,405	1,803,918	(118,513)	(7)
Gross Profit	198,597	288,488	(89,891)	(31)
Operating Expenses	633,383	392,089	241,294	62
(Loss) Profit from Operations	(434,786)	(103,601)	(331,185)	320
Non-Operating Income and Expenses	1,420,557	531,481	889,076	167
Profit Before Income Tax from Continuing Operations	985,771	427,880	557,891	130
Income Tax Expense	(167,261)	(173,283)	6,022	(3)
Net Profit from discontinued operations	590,161	514,526	75,635	15
Net Profit for the Year	1,408,671	769,123	639,548	83

Analysis of financial ratio differences reaching 20%:

1. Decrease of gross profit: Mainly due to excluding CHCDC from the 2019 consolidated financial statements resulting in a decrease in gross profit.
2. Increase of operating expenses and loss from operations: Mainly due to the undergoing preparation stage of Hotel Collective in Okinawa, Japan in 2019 resulting in an increase in operating expenses.
3. Increase of non-operating income and expenses, profit before income tax from continuing operations, net profit for the year: Mainly due to the increase of dividend income in 2019.

Review and Analysis of Financial Position, Financial Performance, and Risk Management 7

7.3 Cash Flow

(1) Analysis of Cash Flow Changes for the Past Year

Unit: NTD thousands

Beginning Cash Balance	Annual Net Cash Flow from Operating Activities	Annual Net Cash Flow from Investment and Financing Activities	Cash Surplus (Insufficiency)	Remedial Measures for Cash Insufficiency	
				Investment Plans	Financing Plans
1,969,663	(161,520)	258,754	2,066,897	-	-

1. Analysis of change in cash flow in the current year:
   (1) Operating activities: Mainly due to the increase of NTD 330,403 thousand in tax refund receivable.
   (2) Investment and Financing activities: Mainly due to cash flow from long-term loans.
2. Remedial measures for insufficient cash: Not applicable.

(2) Analysis of Cash Flow Changes for the Past Two Years

Item \ Year	2019	2018	Difference (%)
Cash Flow Ratio (%)	0.00%	0.00%	-
Cash Flow Adequacy Ratio (%)	17.68%	29.24%	(40)
Cash Reinvestment Ratio (%)	0.00%	0.00%	-

Explanation of difference:
The decrease of cash flow adequacy ratio was due to the ongoing construction project of Hotel Collective in Okinawa, Japan in 2019 resulted in the increase of property, plant and equipment.

(3) Analysis of Cash Liquidity in the Coming Year

Unit: NTD thousands

Beginning Cash Balance	Estimated Net Cash Flows from Operating Activities	Estimated Cash Flows from Investment and Financing Activities	Cash Surplus (Insufficiency)	Remedial Measures for Cash Insufficiency	
				Investment Plans	Financing Plans
2,066,897	(110,941)	(171,044)	1,784,912	-	-

Analysis of cash liquidity in the coming year:
Based on the Company's 2020 internal budget, a stable operating performance is expected and there will be no shortage of capital in the coming year.

7.4 Influence of Major Capital Expenditures on Financial Position and Operations in the Past Year

The Company indirectly injected a total of JPY 4.85 billion into both CHC Ryukyu Development GK and CHC Ryukyu COLLECTIVE KK via its subsidiary, YJ International Corporation in 2019. Meanwhile, approximately JPY 9.4 billion was paid for the Hotel Collective construction project.

7.5 Investment Policies and Main Causes of Profits or Losses and Improvement Plans in the Past Year, and Investment Plans in the Next Year

The Company's re-investment decision is based on factors such as operations and strategic plans. Related departments provide information. The summarized report with evaluation suggestions is then submitted to the managers in charge for review. Once the investment target is selected, further evaluation will be conducted on the past and future of the potential target, market conditions, and operation structure as the bases for management decision. The net loss of LDC Rome Hotels S.R.L. in 2019 was NTD 34,050,000, reduced by NTD 8,390,000 compared to that of 2018. The reduction shows that with the steady growth of occupancy rate, F&B revenue is on an apparent rise. The 2019 profit of Chia Hsin Construction & Development Corp., of which the Company holds a 43.87% shareholding, was NTD 155,000,000, a 44% increase compared to that of 2018. The increase was due to the share of profit of Tong Yang Chia Hsin International Corp. recognized using equity method.

7.6 Risk Analysis and Management

7.6.1 Influence from Changes in Interest Rates, Exchange Rates and Inflation on Income and Future Corresponding Countermeasures

The main type of financial loan within the Business Group is long-term loan. The Company constantly monitor the market, the operation needs, the financial status of the whole Business Group, and the interest rate trend to decide on the most effective risk management tool.

Since the beginning of this year, the spread of COVID-19 has impacted the operation of global supply chains, weakened the momentum of international trade and consumer demand, affected the real economy, and caused dramatic fluctuations in the global financial market. As the uncertainty of the epidemic's impact on the economy continues to expand, countries have successively substantially revised down the economic growth rate, and have adopted loose monetary policies and launched expansionary fiscal policies to stimulate economic growth.

Regarding the domestic financial environment, under the premise of various measures taken by the government to maintain stability, the domestic financial system has sufficient liquidity, financial intermediary operations are normal, bank credit is relatively stable, short-term interest rates are expected to fluctuate at low levels, and long-term interest rates decline. In the short term, impact to the Company is limited.

In summary, the corresponding measures taken by the Company for the changes in interest rate and exchange rate are as follows:

1. To avoid risk regarding exchange rate, take loans from banks at the country of operations; regarding capital expenditures, use long-term loans and conduct capital increases as primary funding source.

2. For overseas foreign currency deposits, in addition to paying close attention to current affairs and taking appropriate hedging measures under the proper timing and conditions, allocate deposits according to capital spending requirements.
   In order to be abreast on economic and financial markets, the Company send employees to attend courses held by financial institutions on global economy, currency hedging tools, currency trade and analysis etc. By participating in such training, employees can be more sensitive to the risk from interest and exchange rate changes, allowing the Company to better manage interest rate and currency risks.

7.6.2 Policies and Main Causes of Profits or Losses and Future Corresponding Countermeasures for Engaging in High-risk, High-leveraged Investments, Lending or Offering Endorsement & Guarantees, and Derivatives Transactions

The Company does not engage in high-risk or high-leveraged investments. The Company acts in compliance with policies regarding "Procedures for Acquisition or Disposal of Assets" and "Procedures for Lending, Endorsement and Guarantee" when engaging in lending or offering endorsement and guarantees, and conducts risk assessment, as well as necessary countermeasures.

7.6.3 Future R & D Projects and Corresponding Budget

None.

7.6.4 Influence of Major Policies and Legal Changes at Home or Abroad on Finance and Operations and Corresponding Countermeasures

Each functional departments of the Company monitors the changes of legal status and major policies at home and abroad, reminds matters of attention, and evaluates potential impacts to the Company. Starting 2019, the Legal Division regularly issues newsletters to remind major policies and legal changes. Human Resource Division also starts sharing related information through newsletters from early 2020. When it is necessary, attorneys, accountants, or other professionals were consulted for their opinions on the related impacts to assist in evaluating and making plans for countermeasures to be adopted, so that the Company can acts in line with regulations and the impacts on finance and operations can be minimized.

7.6.5 Influence of Changes in Technology and Industry on Finance and Operations and Corresponding Countermeasures

Board of directors and management team give attention to the changes in technology and industry, adjust how to run the business and business model as seen fit, and actively employ necessary measures.

7.6.6 Influence of Corporate Image Change on Crises Management and Corresponding Countermeasures

As the Business Group enters into the field of hospitality, which is a shift from the traditional industry, 2019 focused on reintroducing and strengthening the brand image to allow the public to have a deeper knowledge of the shift. Professionals were engaged to conduct a campaign, including film, presentations, and press events specifically targeted towards institutional investors, employees, customers, and shareholders. Stepping into the consumer sector has made the Company more cautious and aware of corporate identity management. As social media becomes more prominent, a single negative comment may have a significant impact on reputation. Thus, the Company employed designated personnel for public relations. They manage corporate identity, monitor external reviews, and are responsible for crisis management in taking timely measure to prevent potential and possible damages.

7.6.7 Expected Benefits and Potential Risks of Mergers and Acquisitions and Corresponding Countermeasures

None.

7.6.8 Expected Benefits and Potential Risks of Plant Expansion and Corresponding Countermeasures

The Company does not have any plant expansion in plan, but the subsidiaries continue to investment in hotels and postpartum care centers. Prior to any investments, cases are carefully reviewed. Professional management is recruited to manage the construction.

7.6.9 Potential Risks of Procurement and Sales Concentration and Corresponding Countermeasures

None.

7.6.10 Influence and Potential Risks of Significant Changes in Shareholdings of Directors and Shareholders with 10% Shareholding or More and Corresponding Countermeasures

None.

7.6.11 Influence and Potential Risks of Management Change and Corresponding Countermeasures

None.

7.6.12 Litigation or Non-litigation Matters

On December 30, 2016, the Board of Directors decided to liquidate Jiangsu Union Cement Co. Ltd. A liquidation task force was setup in 2017 and have already filed for liquidation with the respective authorities. The liquidation process was completed and the company was de-registered as of April 2020.

7.6.13 Information Security Risks and Corresponding Countermeasures:

The Company administers the following measures to prevent risk and strengthen management of information security, ensure the availability, integrity and confidentiality of information, and avoid intentional and accidental threats internally and externally:

1. Computer Facility Security Management
   (1) All devices, such as host computer device and application servers, are situated in a dedicated server room. Access to this room is monitored and controlled with access cards and the entrance and exit logs are kept on file.
   (2) The computer room is equipped with independent air conditioning to ensure computer devices can operation under a controlled environment. A chemical fire extinguisher is placed in the room in case of fire.
   (3) The host computer is equipped with UPS system and voltage stabilizer and is connected to the building's dedicated emergency power supply system for uninterrupted performance, in case of a power outage from the grid.
2. Network Security Management
   (1) Computer network access control and entry are strengthened to the external network. Enterprise-level firewall is set up to prevent hacking.
   (2) Site-to-site encrypted data communication installed between Taichung and Keelung Distribution Center with Taipei Head Office to prevent date interception.
   (3) Authorized VPN account is required to remotely access the intranet ERP system. Employees can only log in through a secured VPN and each access login is recorded for future audit.
   (4) Devices for internet behavior and filter are set up to monitor and control the internet access for security and bandwidth. Employees are not allowed to visit IP addresses and content that are hazardous or against company policy.
3. Virus Protection and Management
   (1) Endpoint protection system is installed in server computers and desktop devices. Virus codes are updated automatically so that the latest virus can be blocked, while detecting and preventing the installation of potentially dangerous files.
   (2) Email server is equipped with mail virus protection and spam mail filtering mechanism to block viruses and junk mail from accessing end users' PCs.
   (3) Anti-virus system is in place to quarantine or delete the detected viruses. Reports are automatically generated to allow the manager to take necessary timely action.
4. System Access Control
   (1) A system access authorization process is imposed. Employees need to submit an application for approval by a direct supervisor. Upon such approval, IT department can set up accounts for the applicants. Relevant systems can only be accessed upon the authorization of each system master.
   (2) Account passwords criteria include length requirements and combination of letter, number and symbols.
   (3) When an employee leaves, IT department will be notified and all related system accesses will be deleted.
5. Continuous System Operation
   (1) Data backup: a cloud backup system is set up with daily backup mechanism. Applications and databases are backed up in three locations: cloud, computer room, and a safety deposit box in the bank.
   (2) Disaster data recovery drills: Once a year, a drill is conducted for data recovery and restoration for each application. After IT restores all the data, the accuracy is confirmed in writing by each respective user department. This can confirm the integrity of the storage devices and data.
   (3) Parallel systems: Two data lines (ADSL and fiber) are leased in conjunction with bandwidth management, acts as backup systems to prevent communication interruption.
6. Information Security Awareness and Training
   (1) Reminder emails are sent to all employees reminding them to change passwords on a regular basis.
   (2) Periodic training courses are held to improve employees' awareness on information security.

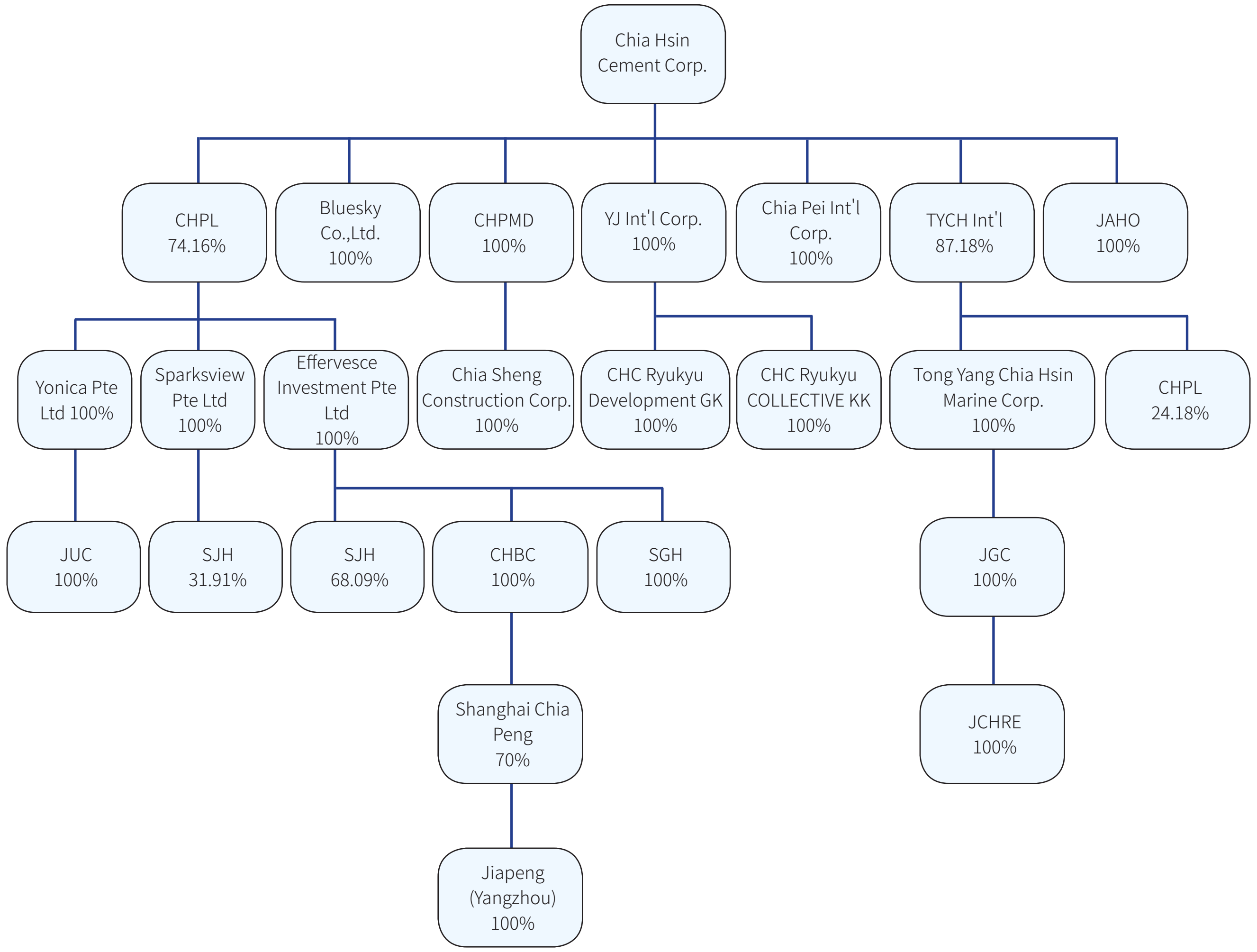
7.7 Other Material Matters

Please see the attached tables in the Annexes to 2019 Annual Report.

8. Special Disclosures

8.1 Affiliated Companies

(1) Organization Chart of Affiliated Companies (as of December 31, 2019)



List of Company names:

CHPL:	Chia Hsin Pacific Limited
CHPMD:	Chia Hsin Property Management & Development Corp.
TYCH Int'l:	Tong Yang Chai Hsin International Corp.
JAHO:	JAHO Life Plus and Management Corp.
JUC:	Jiangsu Union Cement Co., Ltd.
SJH:	Shanghai Jia Huan Concrete Co., Ltd.
CHBC:	Chia Hsin Business Consulting (Shanghai) Co., Ltd.
SGH:	Shanghai Chia Hsin Ganghui Co., Ltd.
JGC:	Jiangsu Jiaguo Construction Material & Storage Co., Ltd.
JCHRE:	Jiangsu Chia Hsin Real Estate Co., Ltd.
Shanghai Chia Peng:	Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.
Jiapeng (Yangzhou):	Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd.

(2) Basic Information of Affiliated Companies

December 31, 2019
In NTD thousands;
Foreign Currency in Units

Company Name	Date Incorporated	Address	Paid-In Capital	Main Business
Chia Hsin Cement Corp.	1954.12.13	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	7,747,805	Cement transport and sales; mining, processing, transport and sales of cement raw materials; contracting construction companies to build commercial buildings and public housing for rental and sales; manufacturing, processing, and sales of cement bags, industrial purpose bags, and other packaging containers; manufacturing, processing, and sales of construction materials and decoration materials; turnkey business; import and export of products and equipment related to the above-mentioned businesses; distribution, price quotation, and tenders of domestic and foreign products related to the above-mentioned businesses; technical consultation for cement manufacturing and diagnosis, analysis and consultation for construction management (excluding architectural work); industrial factory buildings lease, construction and development; warehousing and storage.
Chia Hsin Property Management & Development Corp.	2003.12.15	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	1,000,000	Residence, building, and industrial factory development, rental and sales; real estate rental and leasing; machinery wholesale and retail; warehousing.
Chia Pei International Corp.	2006.08.24	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	195,600	Coal mining; non-metallic mining; on land clay and stone quarrying; wholesale of building materials; wholesale of coal and related products; retail sale of coal; wholesale of machinery; retail sale of building materials; retail sale of machinery and equipment; international trade; warehousing and storage; leasing business.
Bluesky Co., Ltd.	2012.07.11	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	83,000	International trade; real estate commercial leasing.
Tong Yang Chia Hsin International Corp.	1973.12.15	1F, 96 Section 2, Zhongshan N. Road, Taipei, Taiwan	2,948,606	International trade (excluding businesses subject to special approval); trade of cement, lime, coal and related products; wholesale of office machinery and pollution-protective equipment; Residence, building, and industrial factory development, rental and sales; public construction investment; warehousing and storage; factory building, warehouse and office building rental; real estate leasing.

Company Name	Date Incorporated	Address	Paid-In Capital	Main Business
Chia Hsin Pacific Ltd.	1995.09.20	Ugland House, P.O. Box 309 George Town, Grand Cayman, Cayman Island, British West Indies	USD 28,543,892	Investment holding company.
YJ International Corp.	2014.03.24	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	2,280,000	Real estate leasing; management consulting services; hotels and motels; parking area business.
JAHO Life Plus and Management Corp.	2015.11.13	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	300,000	Management Consulting; Real estate leasing; Whole sale and retailing of food/sundry products.
Chia Sheng Construction Corp.	2013.05.06	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	250,000	Machinery wholesale; retail sale of machinery and equipment; warehousing; residence and buildings lease, construction and development; industrial factory lease, construction and development; specialized field construction and development; public works construction and development; new county and community construction and investment; real estate commerce; real estate leasing; rental and leasing business; amusement parks.
CHC Ryukyu Development GK	2013.12.19	2F, Gojinsha Naha Matsuyama Bldg., 2-1-12, Matsuyama, Naha-shi, Okinawa, Japan	JPY 1,000,000,000	Real estate holding, rental and leasing, management, agency and sales; parking operation; hotel operation; restaurant business; management consulting; travel business.
CHC Ryukyu COLLECTIVE KK	2019.07.01	2F, Gojinsha Naha Matsuyama Bldg., 2-1-12, Matsuyama, Naha-shi, Okinawa, Japan	JPY 7,000,000,000	Real estate holding, rental and leasing, management, agency and sales; parking operation; hotel operation; restaurant business; management consulting; travel business.
Tong Yang Chia Hsin Marine Corp.	1993.12.22	Salduba Building, 3rd Floor, 53rd East Street, Urbanization Marbella, P.O. Box 0816-02884 Panama, Rep. of Panama	USD 2,700,000	Marine business.
Yonica Pte Ltd	1996.04.03	333 North Bridge Road #08-00 KH Kea Building Singapore 188721	SGD 104,908,690	Investment holding company.

Company Name	Date Incorporated	Address	Paid-In Capital	Main Business
Effervesce Investment Pte Ltd	1993.07.15	333 North Bridge Road #08-00 KH Kea Building Singapore 188721	SGD 53,274,892	Investment holding company.
Sparksview Pte Ltd	1994.06.04	333 North Bridge Road #08-00 KH Kea Building Singapore 188721	SGD 3,763,350	Investment holding company.
Jiangsu Union Cement Co., Ltd. (Under liquidation)	1996.11.20	Wei Gang Town, Zheng Jiang City, Jiangsu, China	RMB 467,285,978	Manufacturing, processing, and marketing of cement, and supporting distribution and delivery services.
Shanghai Chia Hsin Ganghui Co., Ltd.	1997.06.12	4100 Long Wu Road, Shanghai, China	RMB 86,949,230	Shipping, storage, processing, and marketing of cement.
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	1997.12.29	Room 610-1, 1 Jilong Road , Waigaoqiao Tax Free Zone, Shanghai, China	RMB 144,525,600	Commercial and financial consulting, information technology development and consulting service, international business trade. (businesses involving license requirement can only be operated with licenses)
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	2017.07.14	No. 344 Sanlin Road, Shanghai, China	RMB 25,000,000	Nutrition and health consulting services; business information consulting; conference services; catering business management; corporate management consulting; property management; housekeeping services; sales of textiles, cultural products, daily necessities, fitness equipment, cosmetics, clothing, toys, and crafts (except ivory and its products); engaged in the import and export of goods and technologies; and engaged in technology development, technology transfer, technical consulting, and technical service camps in the field of computer technology.
Shanghai Jia Huan Concrete Co., Ltd.	1995.07.11	2200 Long Wu Road, Shanghai, China	RMB 70,212,577	Production and sales of ready mixed concrete and high strength concrete piles.
Jiangsu Jiaguo Construction Material & Storage Co., Ltd.	2004.02.18	High-tech Industrial Park, Zhenjiang New Area, Jiangsu, China	RMB 103,570,860	Land transportation of general cargo; processing, configuration, packaging, storage and sales of cement and other building materials; domestic wholesale and import/export of cement, limestone, clinker, gypsum, fly ash, fine slag powder, coal, stone, sand, wood, ceramic products, decorative materials, and chemical materials (except hazardous chemicals); leasing and providing technical management services of storage tanks for related building materials, automobile, boats and ships, and cement production equipment.

Company Name	Date Incorporated	Address	Paid-In Capital	Main Business
Jiangsu Chia Hsin Real Estate Co., Ltd.	2007.07.25	5th floor, Jingye Building, Zhenjiang, Jiangsu, China	RMB 20,000,000	Real estate development, sale and management; engineering management services. (Projects subject to approval in accordance with the law can only be operated with the approval of relevant departments).
Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd.	2018.12.21	No. 58 West Xingcheng Road, Hanjiang District, Yangzhou, Jiangsu, China	RMB 10,000,000	Maternal and infant care services; sales and on line sales of maternal and infant necessities, and daily merchandise; conference services; catering services; property management; housekeeping services; sales of textiles, cultural goods, daily necessities, fitness equipment, cosmetics, clothing, toys, craft and art products, and food products; import and export of various commodities and technologies; software development; web design; technology development, transfer, and technical services in the field of computer technology; exhibition services.

(3) Shareholders Information of companies that are presumed to have a controlling and subordinate relations

None.

(4) Industries and diversification of affiliated companies

Industries in which affiliated companies operate include:
1. Cement business, technical service, and leasing business.
2. Real estate, trading, and warehousing.
3. General Investments.
4. Hospitality Business.

Please see the table above for the main business or production items of affiliated companies.

(5) Information of Chairman, Directors, Supervisors, and President of Affiliated Companies

March 31, 2020
Unit: NTD thousands; Foreign Currency in Units; Shares; %

Company Name	Title	Name of Representative	Holding	
			Share/ Investment Amount	%
Chia Hsin Cement Corp.	Chairman	Jason K. L. Chang	4,478,396	0.58
	Director	Chi-Te Chen	680,813	0.09
	Director	Representative of Tong Yang Chia Hsin International Corp.: Pan Howard Wei-Hao	127,370,320	16.44
	Director	Representative of Tong Yang Chia Hsin International Corp.: Jeffrey H.H. Wang, passed away on 1/13/2020 and was dismissed automatically.	127,370,320	16.44
	Independent Director	Robert K. Su	-	-
	Independent Director	Chia-Shen Chen	-	-
	Independent Director	Kuan-Ming Chen	-	-
	President	Shih-Chu Chi	-	-
Chia Hsin Property Management & Development Corp.	Chairman	Representative of Chia Hsin Cement Corp.: Chih-Chu Chi	100,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Jason K. L. Chang	100,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Chi-Te Chen	100,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Pan Howard Wei-Hao	100,000,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp.: Li-Hsin Wang	100,000,000	100.00
	President	Zheng-Guang Yao	-	-
Tong Yang Chia Hsin International Corp.	Chairman	Jason K. L. Chang	-	-
	Director	Representative of Chia Hsin Cement Corp.: Shih-Chu Chi	257,073,050	87.18
	Director	Representative of Chia Hsin Cement Corp.: Ching-Chuan Fu	257,073,050	87.18
	Director	Representative of Chia Hsin Cement Corp.: Hua-Chou Huang	257,073,050	87.18
	Director	Representative of International Chia Hsin Corp.: Li-Hsin Wang	462,490	0.16
	Supervisor	Hsien-Ping Chang	1,349	-
	Supervisor	Representative of Chia Hsin Construction and Development Corp.: Jane Y. C. Chou	30,687,643	10.41
	President	Shih-Chu Chi	-	-

Company Name	Title	Name of Representative	Holding	
			Share/ Investment Amount	%
Chia Pei International Corp.	Chairman	Representative of Chia Hsin Cement Corp.: Ching-Chuan Fu	19,560,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Jason K. L. Chang	19,560,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Shih-Chu Chi	19,560,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Li-Hsin Wang	19,560,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Shere-Min Chang	19,560,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp.: Hua-Chou Huang	19,560,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp.: Jane Y. C. Chou	19,560,000	100.00
	President	Sheng-Wen Li	-	-
Bluesky Co., Ltd.	Chairman	Representative of Chia Hsin Cement Corp.: Jason K. L. Chang	8,300,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Chih-Chu Chi	8,300,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Pan Howard Wei-Hao	8,300,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp.: Li-Hsin Wang	8,300,000	100.00
Chia Hsin Pacific Ltd.	Chairman	Li-Hsin Wang	-	-
	Director	Jason K. L. Chang	-	-
	Director	Pan Howard Wei-Hao	-	-
YJ International Corp.	Chairman	Representative of Chia Hsin Cement Corp.: Jason K. L. Chang	228,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Li-Hsin Wang	228,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Puo-Chien Lin	228,000,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp.: Jane Y. C. Chou	228,000,000	100.00
JAHO Life Plus and Management Corp.	Chairman	Representative of Chia Hsin Cement Corp.: Li-Hsin Wang	35,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Chen-Yun Wang	35,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Pan Howard Wei-Hao	35,000,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp.: Jane Y. C. Chou	35,000,000	100.00
	President	Xiao-Shan Zha	-	-
Chia Sheng Construction Corp.	Chairman	Representative of Chia Hsin Property Management & Development Corp.: Jason K. L. Chang	25,000,000	100.00
	Director	Representative of Chia Hsin Property Management & Development Corp.: Chih-Chu Chi	25,000,000	100.00

Company Name	Title	Name of Representative	Holding	
			Share/ Investment Amount	%
Chia Sheng Construction Corp.	Director	Representative of Chia Hsin Property Management & Development Corp.: Pan Howard Wei-Hao	25,000,000	100.00
	Supervisor	Representative of Chia Hsin Property Management & Development Corp.: Li-Hsin Wang	25,000,000	100.00
CHC Ryukyu Development GK	Executive officer	Representative of YJ International Corp.: Tatsuyuki Matsumoto	JPY 1,000,000,000	100.00
	Executive officer	Representative of YJ International Corp.: Li-Hsin Wang	JPY 1,000,000,000	100.00
	Executive officer	Representative of YJ International Corp.: Puo-Chien Lin	JPY 1,000,000,000	100.00
CHC Ryukyu COLLECTIVE KK	Representative Director	Tatsuyuki Matsumoto	-	-
	Director	Li-Hsin Wang	-	-
	Director	Puo-Chien Lin	-	-
	Corporate Auditor	Jane Y. C. Chou	-	-
Tong Yang Chia Hsin Marine Corp.	Director	Representative of Tong Yang Chia Hsin International Corp.: Jason K. L. Chang	USD 2,700,000	100.00
	Director	Representative of Tong Yang Chia Hsin International Corp.: Li-Hsin Wang	USD 2,700,000	100.00
	Director	Representative of Tong Yang Chia Hsin International Corp.: Shih-Chu Chi	USD 2,700,000	100.00
	President	Representative of Tong Yang Chia Hsin International Corp.: Jason K. L. Chang	-	-
Yonica Pte Ltd	Director	Jason K. L. Chang	-	-
	Director	Li-Hsin Wang	-	-
	Director	Pan Howard Wei-Hao	-	-
	Director	Kenneth Chiam Siang Roung	-	-
Effervesce Investment Pte Ltd	Director	Jason K. L. Chang	-	-
	Director	Li-Hsin Wang	-	-
	Director	Pan Howard Wei-Hao	-	-
	Director	Kenneth Chiam Siang Roung	-	-
Sparksview Pte Ltd	Director	Jason K. L. Chang	-	-
	Director	Li-Hsin Wang	-	-
	Director	Pan Howard Wei-Hao	-	-
	Director	Kenneth Chiam Siang Roung	-	-

Company Name	Title	Name of Representative	Holding	
			Share/ Investment Amount	%
Shanghai Chia Hsin Ganghui Co., Ltd.	Chairman	Representative of Effervesce Investment Pte Ltd: Ching-Chuan Fu	RMB 86,949,230	100.00
	Director	Representative of Shanghai International Port (Group) Co., Ltd., Longwu Branch: Xue-Bing Chen	-	-
	Director	Representative of Effervesce Investment Pte Ltd: Jason K. L. Chang	RMB 86,949,230	100.00
	Director	Representative of Effervesce Investment Pte Ltd: I-Ping Chang	RMB 86,949,230	100.00
	Director	Representative of Effervesce Investment Pte Ltd: Li-Hsin Wang	RMB 86,949,230	100.00
	Supervisor	Representative of Effervesce Investment Pte Ltd: Ying-Ying Chen	RMB 86,949,230	100.00
	President	Representative of Effervesce Investment Pte Ltd: Yu-Hong Zhu	-	-
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Chairman	Representative of Effervesce Investment Pte Ltd: I-Ping Chang	RMB 144,525,600	100.00
	Director	Representative of Effervesce Investment Pte Ltd: Li-Hsin Wang	RMB 144,525,600	100.00
	Director	Representative of Effervesce Investment Pte Ltd: Jason K.L. Chang	RMB 144,525,600	100.00
	Supervisor	Representative of Effervesce Investment Pte Ltd: Ying-Ying Chen	RMB 144,525,600	100.00
	President	Representative of Effervesce Investment Pte Ltd: I-Ping Chang	-	-
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Chairman	Representative of Chia Hsin Business Consulting (Shanghai) Co., Ltd.: Yu-Hong Zhu	RMB 17,500,000	70.00
	Director	Representative of Chia Hsin Business Consulting (Shanghai) Co., Ltd.: Li-Hsin Wang	RMB 17,500,000	70.00
	Director	Representative of Suzhou Chung-Hwa Chemical & Pharmaceutical Industrial Co., Ltd.: Hou-Jie Wang	RMB 7,500,000	30.00
	Supervisor	Representative of Chia Hsin Business Consulting (Shanghai) Co., Ltd.: Hua-Chou Huang	RMB 17,500,000	70.00
	President	Representative of Chia Hsin Business Consulting (Shanghai) Co., Ltd.: Yu-Hong Zhu	-	-
Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd.	Chairman	Representative of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd: Yu-Hong Zhu	RMB 20,000,000	100.00
	Director	Representative of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd: L-Hsin Wang	RMB 20,000,000	100.00
	Director	Representative of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd: Hou-Jie Wang	RMB 20,000,000	100.00
	Supervisor	Representative of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd: Hua-Chou Huang	RMB 20,000,000	100.00
	President	Representative of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd: Yu-Hong Zhu	-	-

Company Name	Title	Name of Representative	Holding	
			Share/ Investment Amount	%
Jiangsu Union Cement Co., Ltd.	Liquidation Team	Representative of Yonica Pte Ltd: Fu-Chiuan Yang	RMB 467,285,978	100.00
	Liquidation Team	Representative of Yonica Pte Ltd: I-Ping Chang	RMB 467,285,978	100.00
	Liquidation Team	Representative of Yonica Pte Ltd: Shih-Chu Chi	RMB 467,285,978	100.00
Shanghai Jia Huan Concrete Co., Ltd.	Chairman	Representative of Effervesce Investment Pte Ltd: I-Ping Chang	RMB 47,744,552	68.00
	Director	Representative of Effervesce Investment Pte Ltd: Jason K. L. Chang	RMB 47,744,552	68.00
	Director	Representative of Sparksview Pte Ltd: Chih-Chu Chi	RMB 22,468,025	32.00
	Supervisor	Representative of Sparksview Pte Ltd: Ying-Ying Chen	RMB 22,468,025	32.00
	President	Representative of Effervesce Investment Pte Ltd: I-Ping Chang	-	-
Jiangsu Jiaguo Construction Material & Storage Co., Ltd.	Chairman	Representative of Tong Yang Chia Hsin Marine Corp.: I-Ping Chang	RMB 103,570,860	100.00
	Director	Representative of Tong Yang Chia Hsin Marine Corp.: Shere-Min Chang	RMB 103,570,860	100.00
	Director	Representative of Tong Yang Chia Hsin Marine Corp.: Shih-Chu Chi	RMB 103,570,860	100.00
	Supervisor	Representative of Tong Yang Chia Hsin Marine Corp.: Ying-Ying Chen	RMB 103,570,860	100.00
	President	Representative of Tong Yang Chia Hsin Marine Corp.: I-Ping Chang	-	-
Jiangsu Chia Hsin Real Estate Co., Ltd.	Chairman	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd.: Fu-Chiuan Yang	RMB 20,000,000	100.00
	Director	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd.: I-Ping Chang	RMB 20,000,000	100.00
	Director	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd.: Yong-Zhi Huang	RMB 20,000,000	100.00
	Director	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd.: Zhe-Shuo Chang	RMB 20,000,000	100.00
	Director	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd.: Chih-Chu Chi	RMB 20,000,000	100.00
	Supervisor	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd.: Ying-Ying Chen	RMB 20,000,000	100.00
	President	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd.: I-Ping Chang	-	-

(6) Business highlights of Affiliated Companies

December 31, 2019
Unit: NTD thousands; Earnings (Loss) Per Share in NTD

Company Name	Capital	Total Assets	Total Liabilities		Stockholders' Equity	Revenue	Profit (Loss) from Operations	Net Income (Loss)	Earnings (Loss) Per Share
Chia Hsin Cement Corp.	7,747,805	30,467,352	7,653,910		22,813,442	1,249,323	(214,529)	1,297,473	2.02
Chia Hsin Property Management & Development Corp.	1,000,000	5,854,123	2,089,186		3,764,937	255,762	124,706	109,229	1.09
Chia Pei International Corp.	195,600	1,630,605	1,489,464		141,141	445,781	(56,092)	(76,300)	(3.9)
Bluesky Corp.	83,000	85,095	919		84,176	2,121	1,034	850	0.10
Tong Yang Chia Hsin International Corp.	2,948,606	9,313,803	299,081		9,014,722	100,454	(3,460)	740,450	2.51
Chia Hsin Pacific Ltd.	856,294	2,906,539	1,934		2,904,605	-	(5,434)	610,354	23.59
YJ International Corp.	2,280,000	2,011,350	961		2,010,389	-	(9,840)	(210,718)	(0.92)
JAHO Life Plus and Management Corp.	300,000	378,023	165,862		212,161	49,445	(38,077)	(40,727)	(1.36)
Chia Sheng Construction Corp.	250,000	239,429	70		239,359	120	(155)	(89)	(0.004)
CHC Ryukyu Development GK	270,363	594,872	423,936		170,936	965	(49,966)	(48,344)	NA
CHC Ryukyu COLLECTIVE KK	1,937,637	5,802,936	4,014,500		1,788,436	-	(149,040)	(153,364)	NA
Yonica Pte Ltd	2,336,500	791,037	273		790,764	-	(476)	455,229	4.34
Effervesce Investment Pte Ltd	1,186,525	1,234,594	353		1,234,241	-	(593)	137,554	2.58
Sparksview Pte Ltd	83,816	87,473	339		87,134	-	(462)	2,235	0.59
Tong Yang Chia Hsin Marine Corp.	80,946	427,221	-		427,221	-	(17)	7,119	NA
Jiangsu Union Cement Co., Ltd.	2,008,147	611,398	6,963		604,435	-	-	453,869	(Under liquidation) NA
Shanghai Chia Hsin Ganghui Co., Ltd.	373,662	557,441	120,126		437,315	5,610	(19,220)	6,209	NA
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	621,094	576,205	2,024		574,181	1,224	126,608	125,461	NA
Shanghai Jia Huan Concrete Co., Ltd.	301,736	632,750	388,237		244,513	-	(6,987)	9,040	NA
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	107,437	79,775	423		79,352	-	(7,099)	(21,389)	NA
Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd.	42,975	121,755	93,430		28,325	-	(10,395)	(15,279)	NA
Jiangsu Jiaguo Construction Material & Storage Co., Ltd.	445,092	421,824	1,460		420,364	6,624	(1,975)	6,965	NA
Jiangsu Chia Hsin Real Estate Co., Ltd.	85,949	86,683	237		86,446	865	(2,501)	(428)	NA

Note 1: Exchange rates are as follows:
Balance sheet: (1) USD/TWD=29.98.; (2) SGD/TWD=22.271752; (3) RMB/TWD=4.297468; (4) JPY/TWD=0.2760
Profit and loss statement: (1) USD/TWD=30.912; (2) SGD/TWD=22.667090; (3) RMB/TWD=4.482145; (4) JPY/TWD=0.2837

8.2 Private Placement Securities in the Past Year and up to the Publication Date of the Annual Report

None.

8.3 The Company's Shares Acquired, Disposed of, and Held by Subsidiaries in the Past Year and up to the Publication Date of the Annual Report (4/30/2020):

Unit: NTD thousands; Shares; %

Name of Subsidiary	Paid-in Capital	Fund Source	Share-holding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed of	Investment Gain (Loss)	Shares and Amount Held up to the Publication Date of the Annual Report	Pledged	Endorsement Amount Made for the Subsidiary	Amount Loaned to the Subsidiary
Tong Yang Chia Hsin International Corp.	2,948,606	The company's own Fund	87.18%	Current year up to the publication date of the Annual Report	0	0	0	127,370,320 shares 2,190,770	Nil (Note)	0	0

Note: The company has not created any pledges and there is no effect on the Company's financial performance and financial position.

8.4 Other Necessary Supplemental Information

None.

9. Material Impact on Shareholders' Equity or Share Price as Specified in Item 3, Paragraph 2, Article 36 of the Securities and Exchange Act in the Past Year and up to the Publication Date of the Annual Report

None.

Contact Information

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5. Overseas Listings and Access to the Listing Information: None

6. CHC Website: www.chcgroup.com.tw

CHIA HSIN CEMENT CORPORATION

Chairman
Jason K. L. Chang

Stock Code: 1103

CHIA HSIN CEMENT CORPORATION

ANNEXES TO 2019 ANNUAL REPORT

CHC
嘉新企業團
CHIA HSIN CEMENT GROUP

Published on: April 30, 2020

(MOPS) Market Observation Post System
mops.twse.com.tw

Chia Hsin Cement Corporation
www.chcgroup.com.tw

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

a. Chia Hsin Cement Corporation (the "Company") was incorporated in the Republic of China (the "ROC") with capital of $24,000 thousand in December 1954. Over the years, the Company has increased its capital through capital contributions in cash, undistributed earnings, and asset revaluation increments. As of 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; construction and development of residences and buildings; lease, construction and development of industrial factory buildings; real estate commerce; real estate rental and leasing; reconstruction within the renewal area and warehousing and storage.

b. On December 30, 2016, the Company's subsidiary, Jiangsu Union Cement Co., Ltd., went into liquidation under the resolution of the subsidiary's board of directors. Several disposal agreements have been reached and the subsidiary has been reclassified to the group of items ready for disposal, and presented on the consolidated financial statements as "discontinued operation".

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on 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 accounting policies of the Company and its subsidiaries (collectively referred to as the "Group"):

   - 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.

Definition of a lease

The Group 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 Group as lessee

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

The Group elected to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information 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. All right-of-use assets are measured at an amount equal to the lease liabilities, with previously recognized prepayment or rentals payable retrospectively adjusted (except those applied by practical expedient (2) in below). The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

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

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

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

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

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 2.08%. 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	$ 2,611,989
Less: Recognition exemption for short-term leases	(8,197)
Undiscounted amount on January 1, 2019	$ 2,603,792
Discounted amount using the incremental borrowing rate on January 1, 2019	$ 2,205,237
Lease liabilities recognized on January 1, 2019	$ 2,205,237

The Group as lessor

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

The Group subleased its leasehold building to a third party. Such sublease was previously classified as an operating lease under IAS 17. The Group 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 Group 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	$ -	$ 96,977	$ 96,977
Finance lease receivables - non-current	-	206,266	206,266
Prepayments for leases - current	578	(578)	-
Prepayments for leases - non-current	14,809	(14,809)	-
Right-of-use assets	-	1,920,330	1,920,330
Total effect on assets	$ 15,387	$ 2,208,186	$ 2,223,573
Lease liabilities - current	$ -	$ 192,480	$ 192,480
Lease liabilities - non-current	-	2,012,757	2,012,757
Total effect on liabilities	$ -	$ 2,205,237	$ 2,205,237
Retained earnings	$ -	$ 2,949	$ 2,949
Total effect on equity	$ -	$ 2,949	$ 2,949

If the transactions of the Group 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	$ 2,504
Decrease in finance lease receivables - non-current	9,496
Decrease in assets	$ 12,000
Decrease in lease liabilities - current	$ 2,099
Decrease in lease liabilities - non-current	7,347
Decrease in liabilities	$ 9,446
Decrease in retained earnings	$ 2,554
Decrease in equity	$ 2,554

Impact on total comprehensive income for the current year

	For the Year Ended December 31, 2019
Increase in operating revenue	$ 2,742
Increase in operating expenses	(2,286)
Decrease in other gains and losses	(61)
Increase in net profit for the year	$ 395
Increase in net profit attributable to:	
Owners of the Group	$ 395

Impact on cash flows for current year

	For the Year Ended December 31, 2019
Net increase in cash inflow from operating activities	$ 690
Net decrease in cash inflow from investing activities	(2,742)
Net decrease in cash outflow from financing activities	2,052
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 Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

Note 3: The Group 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The New IFRSs issued by IASB but not yet endorsed and issued into effect by 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 Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s consolidated financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. 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 Group 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.

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

See Note 15, Table 9 and Table 11 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period 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 consolidated financial statements, the functional currencies of the Group's foreign operations (including subsidiaries, associates and joint ventures in other countries that use currencies which are different from the currency of the Group) 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 (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation 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 Group 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.

f. Inventories

Inventories consist of raw materials, supplies, finished goods, construction in progress, land and buildings held for sale and land for construction

Cement inventories 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.

Costs of building constructions are recorded separately for each construction project. Payments made for land prior to the acquisition of land use rights are recognized as "prepayment for land purchase"; as "land for construction" after the acquisition of the land use rights; as "construction in progress" when the construction on the land started; and as "land and building held for sale" upon the completion of construction. Prepayments collected from preselling of land and building are recognized as "advance receipt".

Land and buildings held for sale are recorded at the acquisition or construction cost and at the lower of cost or net realizable value at the end of the accounting period. The Group compares the lower of cost or net realizable value by item (or group of similar items). When the net realizable value is lower than the cost, the cost is written down to the net realizable value. When subsequently the net realizable value returns to the level of the cost, or when there is an evidence of increase in net realizable value due to economic change, the amount of the net realizable value is increased to the extent of the previous amount written-off; the increase is recognized as deduction of cost of sales.

g. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint operation is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

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

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

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and the joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and join venture 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 Group's share of losses of an associate equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

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

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

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

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.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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.

Investment properties under construction are measured at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

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

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

l. Disposal groups held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 or designated 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 remeasurement gains or losses (excluding dividends and interest) on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 36.

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

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

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

b) Impairment of financial assets

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

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

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

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

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI 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.

n. Revenue recognition

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

1) Revenue from the sale of goods

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 contracts or recognized on the date the service is provided.

o. Leases

<u>2019</u>

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

1) The Group as lessor

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

When the Group 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 Group, 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 Group's net investment outstanding in respect of leases.

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

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

When a lease includes both land and building elements, the Group 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 Group as lessee

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

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

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

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

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

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 Group as lessor

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

2) The Group as lessee

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

p. 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.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. 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 Group'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.

s. 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 Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; 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 Group'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 Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group'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 11. 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	$ 3,437	$ 2,976
Checking accounts and demand deposits	1,308,034	1,512,071
Cash equivalents		
Commercial paper	118,923	164,920
Bank deposits (with original maturities of less than 3 months)	509,583	289,696
Repurchase agreements collateralized by bonds	126,920	-
	$ 2,066,897	$ 1,969,663

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	0.50%-0.51%	0.40%-0.53%
Demand deposits and time deposits	0.001%-2.76%	0.001%-2.58%
Repurchase agreements collateralized by bonds	2.25%-2.40%	-

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	$ 1,169,272	$ 1,029,276
Overseas listed shares	101,423	358,208
Overseas mutual funds - beneficiary certificates	348,908	472,794
	$ 1,619,603	$ 1,860,278

The Group has investments in shares of Taiwan Cement Corporation. As of December 31, 2019, the Group held 22,585,899 shares (book value $987,004 thousand) accounted for as financial assets at fair value through profit or loss and 288,394,342 shares (book value $12,602,833 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 36.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
Investments in equity instruments at FVTOCI - current		
Domestic investments		
Listed shares and emerging market shares	$ 2,631,817	$ 2,057,216
Investments in equity instruments at FVTOCI - non-current		
Domestic investments		
Listed shares and emerging market shares	$ 10,194,877	$ 7,761,088
Unlisted shares	353,301	900,020
Oversea investments		
Unlisted shares	-	39,484
	$ 10,548,178	$ 8,700,592

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

Details for the financial assets at FVTOCI pledged for collateral or for security, please refer to Note 38.

In June and July 2019, the Group sold its ordinary shares in Breeze Development Co., Ltd., Taiwan Stock Exchange Corporation and CTSI Logistics (Taiwan) Inc. in order to manage credit concentration risk. The shares sold had a fair value of $1,050 thousand, $315,116 thousand and $3,248 thousand, respectively, and the related unrealized valuation gain or loss of $50 thousand, $296,169 and $(2,055) thousand was transferred from other equity to retained earnings.

Dividends revenue of $963,578 thousand and $402,068 thousand were recognized in 2019 and 2018, respectively. All of the dividends are related to financial assets at FVTOCI held at the end of the accounting periods.

9. NOTES RECEIVABLE, TRADE RECEIVABLES

	December 31	
	2019	**2018**
Notes receivable		
Gross carrying amount at amortized cost	$ 166,923	$ 197,029
Less: allowance for impairment loss	(1,643)	(1,970)
	$ 165,280	$ 195,059
Trade receivables		
Gross carrying amount at amortized cost	$ 61,462	$ 105,362
Less: allowance for impairment loss	(320)	(716)
	$ 61,142	$ 104,646
Overdue receivables (Note)		
Gross carrying amount at amortized cost	$ 12,821	$ 13,352
Less: allowance for impairment loss	(12,821)	(13,352)
	$ -	$ -

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

Notes Receivable

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

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

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

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

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

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

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%-1%	100%	
Gross carrying amount	$ 229,607	$ 1,166	$ 292	$ 12,821	$ 243,886
Allowance for impairment loss (Lifetime ECLs)	(1,955)	(6)	(2)	(12,821)	(14,784)
Amortized cost	$ 227,652	$ 1,160	$ 290	$ -	$ 229,102

December 31, 2018

	Not Overdue	Overdue Less than 90 Days	Overdue 90-360 Days	Overdue 1 Year or More	Total
Expected credit loss rate	0.68%-1%	0.68%-1%	0%	100%	
Gross carrying amount	$ 307,433	$ 801	$ -	$ 13,352	$ 321,586
Allowance for impairment loss (Lifetime ECLs)	(2,679)	(7)	-	(13,352)	(16,038)
Amortized cost	$ 304,754	$ 794	$ -	$ -	$ 305,548

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 16,038	$ 15,366
Add: Net remeasurement of loss allowance	-	1,364
Less: Net impairment losses reversed	(724)	(454)
Foreign exchange gains and losses	(530)	(238)
Balance at December 31	$ 14,784	$ 16,038

10 OTHER RECEIVABLES

	December 31	
	2019	2018
Interest receivables	$ 18,197	$ 20,845
Other receivables from the disposal of shares	43,713	-
Income tax refund receivables	330,403	-
Others	12,553	13,485
Less: allowance of impairment loss	(1,862)	(1,939)
	$ 403,004	$ 32,391

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 1,939	$ 21,513
Add: Net remeasurement of loss allowance	-	93
Less: Amount written-off	-	(18,934)
Foreign exchange gains and losses	(77)	(733)
Balance at December 31	$ 1,862	$ 1,939

The following table details the loss allowance of others receivables based on the Group'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%	0%	0%	100%	
Gross carrying amount	$ 403,004	$ -	$ -	$ 1,862	$ 404,866
Allowance of impairment loss (Lifetime ECLs)	-	-	-	(1,862)	(1,862)
Amortized cost	$ 403,004	$ -	$ -	$ -	$ 403,004

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%	0%	0%	100%	
Gross carrying amount	$ 32,391	$ -	$ -	$ 1,939	$ 34,330
Allowance of impairment loss (Lifetime ECLs)	-	-	-	(1,939)	(1,939)
Amortized cost	$ 32,391	$ -	$ -	$ -	$ 32,391

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

11. FINANCE LEASE RECEIVABLES

2019

	December 31, 2019
Undiscounted lease payments	
Year 1	$ 2,743
Year 2	2,800
Year 3	2,971
Year 4	2,971
Year 5	1,115
Year 6 onwards	-
	12,600
Less: Unearned finance income	(600)
Finance lease payments receivable	12,000
Net investment in leases presented as finance lease receivables	$ 12,000

(Continued)

	December 31, 2019
Lease payments receivable	
Not later than 1 year	$ 2,504
Later than 1 year and not later than 5 years	9,496
	$ 12,000

(Concluded)

The Group has been subleasing its building to Gping Wellness Co. Ltd. since August 2015. As the Group subleases the retail stores for all the remaining lease term of the main lease to the sublessee, the sublease contract is classified as a finance lease. The sublease was previously classified as operating lease under IAS 17. Refer to Note 3 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 2.25% per annum as of December 31, 2019.

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

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

12. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 40,180	$ 11,620
Raw materials	192	116
Supplies	1,372	1,776
	41,744	13,512
Construction in progress	-	619,060
Lands and buildings held for sale	-	58,406
Land held for construction	3,166	3,166
	3,166	680,632
	$ 44,910	$ 694,144

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $1,034,849 thousand and $1,002,898 thousand, respectively.

The loss from the write-downs of inventory in the year ended December 31, 2019 was $514 thousand. The gain from the write-downs recovered for the year ended December 31, 2018 was $149 thousand.

The cost of goods sold for the year ended December 31, 2018 included reversals of inventory write-downs of $34,985 thousand. The reversals of previous write-downs were due to a boost in net present value caused by the selling contracts signed by the Group, which assured the sale of the inventories within a year. The inventories held for sale were reclassified to disposal groups held for sale and disposed of in August 2018. The gain of $1,552 thousand from the disposal was recognized in other income from discontinued operation.

13. DISPOSAL GROUPS HELD FOR SALE

a. Discontinued operations

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

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

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

	December 31	
	2019	**2018**
Profit or loss for the year	$ 590,161	$ 140,515
Reversals of impairment losses on changes in fair value less costs to sell (Note 12 and 17)	-	374,011
Income tax expense	-	-
	-	374,011
	$ 590,161	$ 514,526

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

	2019	**2018**
Operating revenue	$ -	$ 36,537
Operating costs	-	-
Gross profit	-	36,537
Selling and marketing expenses	-	-
General and administrative expenses	(10,398)	(95,354)
Allowance for credit loss	-	(93)
Loss from operations	(10,398)	(58,910)
Other income	14,522	254,841

(Continued)

	2019	2018
Other profit or loss	$ 586,037	$ 321,478
Finance costs	-	(2,883)
Profit before tax	590,161	514,526
Income tax expense	-	-
Net profit for the year	$ 590,161	$ 514,526
Profit from discontinued operations attributable to:		
Owners of the Company	$ 590,161	$ 514,526
Non-controlling interests	-	-
	$ 590,161	$ 514,526
Cash flows		
Operating activities	$ 86,918	$ 178,794
Investing activities	789,579	403,137
Financing activities	(134,708)	(102,855)
Net cash inflows	$ 741,789	$ 479,076

(Concluded)

b. Disposal groups held for sale

	December 31	
	2019	2018
Total amount of disposal group held for sale	$ 42,537	$ 483,105
Liabilities directly associated with disposal groups classified as held for sale	$ 380,771	$ 653,859

December 31, 2019

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

December 31, 2018

	Union Cement	Shanghai Jia Huan	Total
Property, plant and equipment - leasehold improvement	$ 328,319	$ -	$ 328,319
Property, plant and equipment - machinery	-	11,975	11,975
Investment property - building	-	15,459	15,459
Lease prepayment	110,489	16,863	127,352
Total amount of disposal group held for sale	$ 438,808	$ 44,297	$ 483,105
Guarantee deposit	$ 22,377	$ -	$ 22,377
Advance receipt	223,765	407,717	631,482
Liabilities directly associated with disposal groups classified as held for sale	$ 246,142	$ 407,717	$ 653,859

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

   As of December 31, 2018, the Group had received advance partial payment of $223,765 thousand for the disposal. The advance receipt was presented as liability directly associated with disposal groups classified as held for sale.

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

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

   As of December 31, 2019 and 2018, Shanghai Jia Huan had received advance partial consideration of $380,771 thousand and $407,717 thousand for the disposal. The advance received was presented as liability directly associated with disposal groups classified as held for sale.

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

14. OTHER FINANCIAL ASSETS

	December 31	
	2019	2018
Current		
Principle protected investments	$ 1,174,370	$ 980,540
Bank deposits (original maturities of more than 3 months)	2,243,645	2,432,868
	$ 3,418,015	$ 3,413,408
Non-current		
Restricted deposits	$ 23,588	$ 21,353

Note: Early redemption is inapplicable to the investment product.

a. The Group has tasked its credit management committee to develop a credit risk grading framework to determine whether the credit risk of the other financial assets increases significantly since the last period to the reporting date as well as to measure the expected credit losses. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors. In the consideration of an analysis of the debtor's current financial position and the forecasted direction of economic conditions in the industry, the Group forecasts both 12-month expected credit losses and lifetime expected credit losses of other financial assets. As of December 31, 2019 and 2018, the Group assessed the expected credit loss as 0%.

b. Refer to Note 38 for the carrying amounts of financial assets pledged by the Group to secure obligations.

	December 31	
	2019	2018
Interest rate range		
Principle protected investments	3.05%-3.50%	3.15%-4.00%
Bank deposits (original maturities of more than 3 months)	0.11%-2.70%	0.63%-3.12%
Restricted deposits	0.12%-1.065%	0.12%-1.065%

15. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Nature of Activities	2019	2018	Remark
Chia Hsin Cement Corporation	Chia Hsin Construction & Development Corp.	Office buildings construction and lease and sale of public housings	(Note 6)	49.87	
	Tong Yang Chia Hsin International Corporation	General international trade (all business items that are not prohibited or restricted by law, except those that are subject to special approval)	87.18	87.18	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2019	Proportion of Ownership (%) December 31 2018	Remark
	Chia Hsin Property Management & Development	Wholesale and retail business of machinery; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling	100.00	100.00	
	Chia Pei International Corporation	Mining; wholesale of building materials; nonmetallic mining; retail sale of building materials; international trade; rental and leasing business; retail sale of other machinery and equipment	100.00	100.00	
	Chia Hsin Pacific Limited	Holding company	74.16	74.16	Exchange rate risk
	BlueSky. Co. Ltd.	International trade; real estate trading; real estate leasing	100.00	100.00	
	YJ International Corporation (Note 1)	Real estate rental and leasing; real estate management; realtor agent	100.00	100.00	
	Jaho Life Plus+ Management Corp., Ltd. (Note 2)	Management consulting service	100.00	100.00	
YJ International Corporation	CHC Ryukyu Development GK (Notes 3 and 4)	Real estate rental and leasing; management consulting service	100.00	100.00	Exchange rate risk
	CHC Ryukyu COLLECTIVE KK (Notes 4 and 5)	Hotel management	100.00	-	Exchange rate risk
Tong Yang Chia Hsin International Corporation	Tong Yang Chia Hsin Marine Corp.	Shipping service	100.00	100.00	Exchange rate risk
	Chia Hsin Pacific Limited	Holding company	24.18	24.18	Exchange rate risk
Tong Yang Chia Hsin Marine Corp.	Jiangsu Jiaguo Construction Material Storage Co., Ltd.	Engaging in overland delivery of ordinary goods and the processing, manufacturing and selling of cement and other construction material	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Jiangsu Jiaguo Construction Material Storage Co., Ltd.	Jiangsu Jiaxin Property Limited Company	Developing and selling real estate and providing property management service	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Chia Hsin Property Management & Development	Chia Sheng Construction Corp.	Wholesale and retail business of machinery; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Chia Hsin Pacific Limited	Effervesce Investment Pte. Ltd.	Investment and holding company	100.00	100.00	Exchange rate risk
Effervesce Investment Pte. Ltd.	Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Consulting for developing information system for business and finance purpose.	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
	Shanghai Chia Hsin Ganghui Co., Ltd.	Warehousing and packing bulk cement and formulating and delivering high-strength cement.	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
	Shanghai Jia Huan Concrete Co., Ltd.	Processing, manufacturing and selling of cement, concrete and other related products.	68.00	68.00	Exchange rate risk and political risk arising from Cross-Strait relations

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2019	2018	Remark
Chia Hsin Pacific Limited	Yonica Pte Ltd	Investment and holding company	100.00	100.00	Exchange rate risk
Yonica Pte Ltd	Jiangsu Union Cement Co., Ltd. (Note 7)	Processing, manufacturing and selling of cement.	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Chia Hsin Pacific Limited	Sparksview Pte. Ltd.	Investment and holding company	100.00	100.00	Exchange rate risk
Sparksview Pte. Ltd.	Shanghai Jia Huan Concrete Co., Ltd.	Processing, manufacturing and selling of cement, concrete and other related products.	32.00	32.00	Exchange rate risk and political risk arising from Cross-Strait relations
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. (Note 8)	Consulting for management of healthcare and hotel business.	70.00	70.00	Exchange rate risk and political risk arising from Cross-Strait relations
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd. (Note 9)	Providing healthcare service to mothers in pregnancy, parturition and postpartum period.	100.00	-	Exchange rate risk and political risk arising from Cross-Strait relations

(Concluded)

Note 1: On March 16, 2018, March 18, 2019 and November 20, 2019, the Group increased its investments by $420,000 thousand, $680,000 thousand and $700,000 thousand, respectively.

Note 2: On January 11, 2018, the Group increased its investment for the amount of $200,000 thousand.

Note 3: On March 26, 2018 and March 18, 2019, YJ International Corporation increased its investment in CHC Ryukyu Development GK for the amount of JPY1,500,010 thousand and JPY2,400,000 thousand, respectively.

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

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

Note 6: On February 20, 2019, the Company's board of directors (BOD) passed a resolution for the Company to entered 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 associates. For more details about the disposal of subsidiary, please refer to Note 32.

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

Note 8: On September 21, 2018, the BOD of Chia Hsin Business Consulting (Shanghai) Co., Ltd. resolved to sell 30% of its capital shares to non-related party, Suzhou Chung Hwa Chemical & Pharmaceutical Industrial Co., Ltd., with the consideration of $1,331 thousand. The shareholding after the sale decreased from 100% to 70%.

Note 9: On January 7, 2019, Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. injected RMB10,000 thousand to establish Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd., which is thereafter included into the consolidated financial report.

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

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

	Proportion of Ownership and Voting Rights Held by Non-Controlling Interests	
	December 31	
	2019	2018
Chia Hsin Construction & Development Corp. (Note)	-	50.13%
Tong Yang Chia Hsin International Corporation	12.82%	2.41%

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

Refer to Note 43, Table 9 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the subsidiaries and associates.

	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
Name of Subsidiary	2019	2018	2019	2018
Chia Hsin Construction & Development Corp.	$ -	$ 53,777	$ -	$ 1,801,487
Tong Yang Chia Hsin International Corporation	94,926	11,639	945,777	152,070
	$ 94,926	$ 65,416	$ 945,777	$ 1,953,557

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

Chia Hsin Construction & Development Corp.

	December 31, 2018
Current assets	$ 1,305,449
Non-current assets	2,434,768
Current liabilities	(67,906)
Non-current liabilities	(81,462)
Equity	$ 3,590,849
Equity attributable to:	
Owners of the Group	$ 1,789,362
Non-controlling interests of Chia Hsin Construction & Development Corp.	1,801,487
Carrying amount	$ 3,590,849

	For the Year Ended December 31, 2018
Operating revenue	$ 204,206
Net profit for the year	$ 107,305
Other comprehensive income	52,109
Total comprehensive income for the year	$ 159,414
Profit attributable to:	
Owners of Group	$ 53,528
Non-controlling interests of Chia Hsin Construction & Development Corp.	53,777
	$ 107,305
Total comprehensive income attributable to:	
Owners of Group	$ 79,513
Non-controlling interests of Chia Hsin Construction & Development Corp.	79,901
	$ 159,414
Net cash outflow from:	
Operating activities	(194,513)
Investing activities	(3,637)
Financing activities	(36,568)
Net cash outflow	$ (234,718)
Dividends paid to non-controlling interests of:	
Chia Hsin Construction & Development Corp.	$ 34,873

Tong Yang Chia Hsin International Corporation

	December 31, 2019
Current assets	$ 2,499,479
Non-current assets	5,178,332
Current liabilities	(81,737)
Non-current liabilities	(217,117)
Equity	$ 7,378,957
Equity attributable to:	
Owners of the Group	$ 6,433,180
Non-controlling interests of Tong Yang Chia Hsin International Corporation	945,777
Carrying amount	$ 7,378,957

	For the Year Ended December 31, 2019
Operating revenue	$ 100,454
Net profit for the year	740,450
Other comprehensive income	2,010,911
Total comprehensive income for the year	$ 2,751,361
Profit attributable to:	
Owners of Group	$ 645,524
Non-controlling interests of Tong Yang Chia Hsin International Corporation	94,926
	$ 740,450
Total comprehensive income attributable to:	
Owners of Group	$ 2,398,636
Non-controlling interests of Tong Yang Chia Hsin International Corporation	352,725
	$ 2,751,361
Net cash inflow from:	
Operating activities	206,664
Investing activities	565,809
Financing activities	(731,099)
Net cash inflow	$ 41,374

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in associates	$ 2,485,374	$ 696,844
Investments in joint ventures	164,294	169,622
	$ 2,649,668	$ 866,466

a. 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	-
Associates that are not individually material	311,620	273,629
	$ 2,485,374	$ 696,844

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 43, Table 9 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

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

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

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	(556,693)	(505,167)
Non-current liabilities	(856,545)	(1,070,080)
Equity	$ 976,599	$ 1,058,039
Proportion of the Group’s ownership	40.00%	40.00%
Equity attributable to the Group	$ 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 Group's ownership	43.87%
Equity attributable to the Group	$ 1,770,239
Premium representing the 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 Group disposed of part of the shares and consequently lost control over Chia Hsin Construction & Development Corp. Nonetheless, the Group 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 Group's share of:		
Profit/(loss) from continuing operations	$ 6,274	$ (26,837)
Other comprehensive income (loss)	(33,244)	2,335
Total comprehensive income (loss) for the year	$ (26,970)	$ (24,502)

b. Investments in joint ventures

	December 31	
	2019	2018
Joint ventures that are not individually material		
Jiangsu Union Mining Industry Ltd. (Note)	$ 164,294	$ 169,622

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

Refer to Note 43, Table 11 "Information of Investment in Mainland China" for the nature of activities, principal places of business and countries of incorporation of joint ventures.

17. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2019
Assets used by the Group	$ 6,435,394
Assets leased under operating leases	100,180
	$ 6,535,574

a. Assets used by the Group - 2019

	Land	Building	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2019	$ 1,047,829	$ 59	$ 967,576	$ 40,762	$ 2,839,608	$ 181,478	$ 1,284,561	$ 6,361,873
Additions	14,185	1,860,392	204,140	1,751	9,094	464,011	815,427	3,369,000
Disposals	-	-	(111,273)	(12,777)	-	(43)	(138,638)	(262,731)
Reclassified from property under construction	-	1,891,273	-	-	238	-	(1,891,511)	-
Reclassified from prepayments	-	-	2,448	-	-	-	-	2,448
Transferred due to loss of control	-	-	-	(11,780)	(1,157)	(2,335)	-	(15,272)
Transferred to assets leased under operating leases	-	-	(239,154)	-	(131,734)	(2,863)	-	(373,751)
Effect of foreign currency exchange differences	(8,592)	(101,832)	(2,701)	(224)	656	(11,441)	21,641	(102,493)
Balance at December 31, 2019	$ 1,053,422	$ 3,649,892	$ 821,036	$ 17,732	$ 2,716,705	$ 628,807	$ 91,480	$ 8,979,074
Revaluation								
Balance at January 1, 2019	$ -	$ -	$ 22,562	$ 487	$ -	$ 357	$ -	$ 23,406
Disposals	-	-	(6,756)	(487)	-	-	-	(7,243)
Effect of foreign currency exchange differences	-	-	-	-	-	-	-	-
Balance at December 31, 2019	$ -	$ -	$ 15,806	$ -	$ -	$ 357	$ -	$ 16,163

(Continued)

	Land	Building	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Property under Construction	Total
Accumulated depreciation								
Balance at January 1, 2019	$ -	$ 59	$ 862,615	$ 28,611	$ 1,531,306	$ 147,911	$ -	$ 2,570,502
Depreciation expenses	-	12,286	26,135	2,077	124,937	15,107	-	180,542
Disposals	-	-	(118,029)	(13,188)	-	(21)	-	(131,238)
Transferred due to loss of control	-	-	-	(5,465)	(1,037)	(1,974)	-	(8,476)
Transferred to assets leased under operating leases	-	-	(213,324)	-	(46,119)	(2,467)	-	(261,910)
Effect of foreign currency exchange differences	-	(170)	2,438	(117)	263	(449)	-	1,965
Balance at December 31, 2019	$ -	$ 12,175	$ 559,835	$ 11,918	$ 1,609,350	$ 158,107	$ -	$ 2,351,385
Accumulated Impairment								
Balance at January 1, 2019	$ -	$ -	$ 56,216	$ -	$ 152,610	$ -	$ 138,427	$ 347,253
Disposals	-	-	-	-	-	-	(138,638)	(138,638)
Effect of foreign currency exchange differences	-	-	(368)	-	-	-	211	(157)
Balance at December 31, 2019	-	-	55,848	-	152,610	-	-	208,458
Carrying amounts at January 1, 2019	$ 1,047,829	$ -	$ 71,307	$ 12,638	$ 1,155,692	$ 33,924	$ 1,146,134	$ 3,467,524
Carrying amounts at December 31, 2019	$ 1,053,422	$ 3,637,717	$ 221,159	$ 5,814	$ 954,745	$ 471,057	$ 91,480	$ 6,435,394

(Concluded)

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

Buildings	
Office building	20-55 years
Storage and plant	20 years
Others	20 years
Machinery and equipment	2-20 years
Transportation equipment	2-10 years
Leasehold improvement	
Office building	10-40 years
Storage and plant	7-40 years
Others	3-24 years
Other equipment	3-16 years

b. Assets leased under operating leases - 2019

	Machinery and Equipment	Leasehold Improvement	Other Equipment	Total
Cost				
Balance at January 1, 2019	$ -	$ -	$ -	$ -
Additions	-	-	66	66
Disposals	-	-	(20)	(20)
From assets used by the Group	239,154	131,734	2,863	373,751
Effect of foreign currency exchange difference	(14,291)	(5,181)	(173)	(19,645)
Balance at December 31, 2019	$ 224,863	$ 126,553	$ 2,736	$ 354,152

(Continued)

	Machinery and Equipment	Leasehold Improvement	Other Equipment	Total
Accumulated depreciation and impairment				
Balance at January 1, 2019	$ -	$ -	$ -	$ -
From assets used by the Group	213,324	46,119	2,467	261,910
Disposals	-	-	(18)	(18)
Depreciation expense	1,302	6,020	55	7,377
Effect of foreign currency exchange difference	(12,801)	(2,347)	(149)	(15,297)
Balance at December 31, 2019	$ 201,825	$ 49,792	$ 2,355	$ 253,972
Carrying amount at January 1, 2019	$ -	$ -	$ -	$ -
Carrying amount at December 31, 2019	$ 23,038	$ 76,761	$ 381	$ 100,180

(Concluded)

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

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

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

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

	December 31, 2019
Year 1	$ 29,402
Year 2	30,254
Year 3	30,342
Year 4	30,426
Year 5	-
	$ 120,424

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

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

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

c. 2018

	Land	Building	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2018	$ 996,029	$ 441	$ 2,650,348	$ 79,877	$ 3,669,590	$ 243,916	$ 315,608	$ 7,955,809
Reclassification (Note 19)	(424)	(382)	-	-	(67,146)	-	-	(67,952)
Balance at January 1, 2018 (after reclassification)	995,605	59	2,650,348	79,877	3,602,444	243,916	315,608	7,887,857
Additions	-	-	1,815	4,762	9,628	23,493	944,674	984,372
Disposals	-	-	(12,851)	(43,857)	-	(15,354)	-	(72,062)
Reclassified as held for sale (Note 13)	-	-	(1,697,239)	-	(785,183)	(71,666)	-	(2,554,088)
Effect of foreign currency exchange differences	52,224	-	25,503	(20)	12,719	1,089	24,279	115,794
Balance at December 31, 2018	$ 1,047,829	$ 59	$ 967,576	$ 40,762	$ 2,839,608	$ 181,478	$ 1,284,561	$ 6,361,873
Revaluation								
Balance at January 1, 2018	$ -	$ -	$ 22,562	$ 487	$ -	$ 357	$ -	$ 23,406
Effect of foreign currency exchange differences	-	-	-	-	-	-	-	-
Balance at December 31, 2018	$ -	$ -	$ 22,562	$ 487	$ -	$ 357	$ -	$ 23,406
Accumulated depreciation								
Balance at January 1, 2018	$ -	$ 166	$ 1,913,706	$ 42,473	$ 1,821,466	$ 192,627	$ -	$ 3,970,438
Reclassification (Note 19)	-	(166)	-	-	(23,988)	-	-	(24,154)
Balance at January 1, 2018 (after reclassification)	-	-	1,913,706	42,473	1,797,478	192,627	-	3,946,284
Depreciation expenses	-	-	46,976	4,029	171,347	7,051	-	229,403
Disposals	-	-	(4,300)	(17,900)	-	(13,967)	-	(36,167)
Reclassified as held for sale (Note 13)	-	-	(1,109,240)	-	(444,865)	(38,317)	-	(1,592,422)
Effect of foreign currency exchange differences	-	59	15,473	9	7,346	517	-	23,404
Balance at December 31, 2018	$ -	$ 59	$ 862,615	$ 28,611	$ 1,531,306	$ 147,911	$ -	$ 2,570,502
Accumulated Impairment								
Balance at January 1, 2018	$ -	$ -	$ 557,834	$ -	$ 430,016	$ 27,708	$ 140,889	$ 1,156,447
Reclassification (Note 19)	-	-	-	-	(12,299)	-	-	(12,299)
Balance at January 1, 2018 (after reclassification)	-	-	557,834	-	417,717	27,708	140,889	1,144,148
Disposals	-	-	-	-	-	-	-	-
Impairment losses reversed (Note 28)	-	-	(73,487)	-	(265,539)	-	-	(339,026)
Reclassified as held for sale (Note 13)	-	-	(435,938)	-	-	(28,219)	-	(464,157)
Effect of foreign currency exchange differences	-	-	7,807	-	432	511	(2,462)	6,288
Balance at December 31, 2018	$ -	$ -	$ 56,216	$ -	$ 152,610	$ -	$ 138,427	$ 347,253
Carrying amounts at January 1, 2018	$ 996,029	$ 275	$ 201,370	$ 37,891	$ 1,418,108	$ 23,938	$ 174,719	$ 2,852,330
Carrying amounts at December 31, 2018	$ 1,047,829	$ -	$ 71,307	$ 12,638	$ 1,155,692	$ 33,924	$ 1,146,134	$ 3,467,524

Operating leases relate to lease of machinery and equipment and leasehold improvements in the Port of Longwu, Shanghai, with lease term from 2014 to 2018. The operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

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	$ 27,487
Later than 1 year and not later than 5 years	-
Later than 5 years	-
	$ 27,487

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

Building	
Office Building	20-55 years
Storage and Plant	20 years
Others	20 years
Machinery and Equipment	2-20 years
Transportation equipment	2-10 years
Leasehold Improvement	
Office Building	10-40 years
Storage and Plant	7-40 years
Others	3-24 years
Other Equipment	3-20 years

Union Cement entered into equipment disposal contracts with Jiangsu Jinbiaoying Construction Co., Ltd. and Jurong Taiwan Cement Co., Ltd. in May 2018. The Group carried out a review of the recoverable amount of the related equipment and determined that the recoverable amount of $139,673 thousand exceeded the carrying amount. The review led to the reversal of impairment loss of $73,487 thousand. The Group determined the recoverable amount of the relevant assets on the basis of their fair values less costs of disposal. The fair values used in determining the recoverable amounts were categorized as Level 3 measurements and were measured using fair market value method. The key assumptions included quotations of similar equipment in the market and the useful life and residual value of the equipment. The aforementioned transactions were completed in August 2018, resulting in a loss of $11,980 thousand, which was recognized in other gains and losses from discontinued operations.

Union Cement entered into a compensation contract with Zhenjiang City Construction Industry Group Company Limited for the transfer of land use rights and buildings in May 2018. The Group carried out a review of the recoverable amount of the related assets and determined that the recoverable amount of $1,023,951 thousand exceeded the carrying amount. The review led to the reversal of impairment loss of $265,539 thousand. The Group determined the recoverable amount of the relevant assets on the basis of the valuation report by experts. The fair values used in determining the recoverable amounts were categorized as Level 3 fair value measurements and were measured using cost method. The measurement process included considering the replacement cost for leasehold improvement and the residual value-price ratio, useful life, and residual value of the equipment.

The aforementioned assets included in the disposal contract met the criteria of disposal groups held for sale, and were therefore measured at the lower of book value or fair value less costs of disposal, and reclassified as a disposal group held for sale. Refer to Note 13 for details.

d. Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 38.

18. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land (land use rights included)	$ 628,064
Land improvement	821,439
Building	388,072
Machinery and equipment	208
Transportation equipment	3,122
	$ 1,840,905

	For the Year Ended December 31, 2019
Additions to right-of-use asset	$ 50,253
Depreciation charge for right-of-use asset	
Land use right	$ 27,121
Land improvement	34,738
Building	57,644
Machinery and equipment	115
Transportation equipment	908
	$ 120,526

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 107,050
Non-current	$ 1,737,410

Range of discount rate for lease liabilities was as follows:

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

c. Material leasing activities and terms as lessee

1) Warehousing and storage service at the wharves

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

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

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

Joint Operating Agreement

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

2) Healthcare business

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

d. Other lease information

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

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 6,245
Expenses relating to low-value asset leases	$ 319
Total cash outflow for leases	$ (173,773)

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

2018

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

	December 31, 2018
Not later than 1 year	$ 233,163
Later than 1 year and not later than 5 years	721,097
Later than 5 years	1,657,729
	$ 2,611,989

19. INVESTMENT PROPERTIES

	Land	Building	Investment Property under Construction	Total
Cost				
Balance at January 1, 2018	$ 3,202,122	$ 828,745	$ 68,939	$ 4,099,806
Reclassification	424	67,528	-	67,952
Balance at January 1, 2018 (after reclassification)	3,202,546	896,273	68,939	4,167,758
Additions	-	2,359	52,158	54,517
Disposals	-	(25,332)	(63,305)	(88,637)
Reclassified as held for sale (Note 13)	-	(35,224)	-	(35,224)
Effect of foreign currency exchange difference	20,817	(1,300)	933	20,450
Balance at December 31, 2018	$ 3,223,363	$ 836,776	$ 58,725	$ 4,118,864

(Continued)

	Land	Building	Investment Property under Construction	Total
Revaluation				
Balance at January 1, 2018	$ 3,855,337	$ 170,328	$ -	$ 4,025,665
Disposals	(691)	(6,059)	-	(6,750)
Effect of foreign currency exchange difference	-	-	-	-
Balance at December 31, 2018	$ 3,854,646	$ 164,269	$ -	$ 4,018,915
Accumulated depreciation				
Balance at January 1, 2018	$ -	539,927	-	539,927
Reclassification	-	24,154	-	24,154
Balance at January 1, 2018 (after reclassification)	-	564,081	-	564,081
Depreciation expenses	-	19,417	-	19,417
Disposals	-	(28,560)	-	(28,560)
Reclassified as held for sale (Note 13)	-	(19,200)	-	(19,200)
Effect of foreign currency exchange difference	-	(357)	-	(357)
Balance at December 31, 2018	$ -	$ 535,381	$ -	$ 535,381
Accumulated impairment				
Balance at January 1, 2018	$ -	$ 30,505	$ -	$ 30,505
Reclassification	-	12,299	-	12,299
Balance at January 1, 2018 (after reclassification)	-	42,804	-	42,804
Effect of foreign currency exchange difference	-	(355)	-	(355)
Balance at December 31, 2018	$ -	$ 42,449	$ -	$ 42,449
Carrying amounts at January 1, 2018	$ 7,057,459	$ 428,641	$ 68,939	$ 7,555,039
Carrying amounts at December 31, 2018	$ 7,078,009	$ 423,215	$ 58,725	$ 7,559,949

(Continued)

	Land	Building	Investment Property under Construction	Total
Cost				
Balance at January 1, 2019	$ 3,223,363	$ 836,776	$ 58,725	$ 4,118,864
Additions	-	-	46,488	46,488
Disposals	-	(43,326)	(9,775)	(53,101)
Transferred due to loss of control	(1,050,119)	(454,308)	-	(1,504,427)
Effect of foreign currency exchange difference	(3,271)	(2,592)	(1,636)	(7,499)
Balance at December 31, 2019	$ 2,169,973	$ 336,550	$ 93,802	$ 2,600,325
Revaluation				
Balance at January 1, 2019	$ 3,854,646	$ 164,269	$ -	$ 4,018,915
Disposals	-	(7,814)	-	(7,814)
Effect of foreign currency exchange difference	-	-	-	-
Balance at December 31, 2019	$ 3,854,646	$ 156,455	$ -	$ 4,011,101
Accumulated depreciation				
Balance at January 1, 2019	$ -	$ 535,381	$ -	$ 535,381
Depreciation expenses	-	10,598	-	10,598
Disposals	-	(50,608)	-	(50,608)
Transferred due to loss of control	-	(124,664)	-	(124,664)
Effect of foreign currency exchange difference	-	(1,014)	-	(1,014)
Balance at December 31, 2019	$ -	$ 369,693	$ -	$ 369,693
Accumulated impairment				
Balance at January 1, 2019	$ -	$ 42,449	$ -	$ 42,449
Transferred due to loss of control	-	(30,505)	-	(30,505)
Effect of foreign currency exchange difference	-	(474)	-	(474)
Balance at December 31, 2019	$ -	$ 11,470	$ -	$ 11,470
Carrying amounts at January 1, 2019	$ 7,078,009	$ 423,215	$ 58,725	$ 7,559,949
Carrying amounts at December 31, 2019	$ 6,024,619	$ 111,842	$ 93,802	$ 6,230,263

(Concluded)

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

On June 26, 2018, the BOD of the Company authorized Shanghai Jia Huan to enter into compensation contract with Shanghai Xuhui Waterfront Development, Construction, and Investment Co., Ltd. for the purchase of government-owned land use rights and buildings. The related investment properties were therefore measured at the lower of book value or fair value less costs of disposal, and reclassified as disposal group held for sale. Please refer to Note 13 for details.

The Group leased out freehold lands and buildings under operating lease, and, therefore, reclassified these assets from property, plant and equipment to investment property on January 1, 2018.

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

	For the Year Ended December 31	
	2019	**2018**
The fair values of investment properties	$ 14,677,094	$ 15,157,521
Discount rate	5.13%	8.22%

All of the Group's investment properties are freehold properties. The investment properties pledged as collateral for bank borrowings are set out in Note 38.

20. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2019	$ -
Additions	5,829
Balance at December 31, 2019	$ 5,829
Accumulated amortization	
Balance at January 1, 2019	$ -
Amortization expenses	320
Effect of foreign currency exchange difference	(9)
Balance at December 31, 2019	$ 311
Carrying amounts at December 31, 2019	$ 5,518

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	5 years

	For the Year Ended December 31, 2019
An analysis of amortization by function	
General and administrative expenses	$ 320

21. OTHER ASSETS

	December 31	
	2019	2018
Current		
Prepayments		
Prepaid guarantee for freight	$ 26,734	$ 42,917
Overpaid sales tax	19,564	87,517
Lease prepayments (Note (1) and (2))	-	578
Office supplies	12,123	10,699
Prepayment for purchase	356	152
Prepaid rents	841	17,726
Others	13,115	10,475
	$ 72,733	$ 170,064
Non-current		
Prepayment - long-term		
Lease prepayments (Note (1) and (2))	$ -	$ 14,809
Other non-current assets		
Prepayments for equipment	$ 23,862	$ 6,645
Overdue receivables (Note 9)	-	-
Others	5,148	4,677
	$ 29,010	$ 11,322

Note 1: The lease prepayments are prepayments for land use rights in mainland China. The Group has obtained relevant certificates for the land use rights.

Note 2: In June 2018, the lease prepayments of the Group’s subsidiaries, Jiangsu Union Cement Co., Ltd. and Shanghai Jia Huan Concrete Co., Ltd. were reclassified to non-current assets held for sale. For details, please refer to Note 13.

22. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Secured borrowings	$ -	$ 33,000
Unsecured borrowings	800,600	788,280
	$ 800,600	$ 821,280

1) The range of interest rates on bank loans was 0.87%-1.12% and 0.87%-1.07% per annum as of December 31, 2019 and 2018, respectively

2) Details of collaterals for the abovementioned borrowings, please refer to Note 38.

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 Range	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 (1)	$ 5,608,656	$ 5,537,168
Loans from governments (2)	2,359,416	916,229
Unsecured borrowings		
Bank loans (3)	569,200	155,640
Less: Current portions	(983,678)	(519,000)
Long-term borrowings	$ 7,553,594	$ 6,090,037

1) The Group signed medium-term secured loan contracts with First Bank, Cathay World Commercial Bank, Bank SinoPac, Chang Hwa Bank, China Trust Commercial Bank and Co-operative Treasury Commercial Bank, respectively. 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, 2019 and 2018, the Group has taken new bank loans in the amounts of $1,745,000 thousand and $1,305,000 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 Group entered into a secured government loan facility contract of JPY10,000,000 thousand with Okinawa Development Finance Corporation. The loan can be drawn in installments within the borrowing term, and is to be repaid in installments according to the repayment method in the contract. As of December 31, 2019 and 2018, the Group had drawn $1,712,981 thousand and $393,666 thousand, respectively (equal to JPY6,038,000 thousand and JPY1,442,000 thousand respectively). The annual interest rate is 0.05 percent. The maturity date of the loan is June 25, 2042.

3) The Group signed medium-term unsecured loan contracts with Bank SinoPac, Taishin Bank and China Trust Commercial Bank. The bank 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, 2019 and 2018, the Group has taken new bank loans in the amounts of $425,550 thousand and $100,000 thousand, with interest rate of 1.27%-1.41% and 0.87%-1.07%, respectively. The loan contracts will be due by August 30, 2024.

4) For details of collaterals for the abovementioned borrowings, please refer to Note 38.

23. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2019	2018
Notes payable		
Operating	$ 2,906	$ 2,151
Trade payables		
Operating	$ 110,538	$ 110,582

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

24. OTHER LIABILITIES

	December 31	
	2019	2018
Current		
Other payables		
Payables for salaries and bonuses	$ 114,359	$ 90,967
Payables for machinery and equipment and construction in progress (Note 34)	644,297	392,185
Payables for VAT taxes	11,948	44,934
Payables for interests	2,089	1,905
Payables for dividends for non-controlling equity (Note 34)	-	2
Payables for building security	-	12,769
Payables for professional fees	9,789	7,964
Others	48,230	41,140
	$ 830,712	$ 591,866
Unearned receipts		
Advanced real estate receipts	27,399	-
Advanced rental receipts	13,960	-
Others	-	2,859
	$ 41,359	$ 2,859
Other liabilities		
Receipts under custody	$ 1,150	$ 1,246
Non-current		
Deferred revenue		
Government grants (Note 31)	$ 441,549	$ 198,512

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

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

For the years ended on December 31, 2019 and 2018, the amounts included in the consolidated statements of comprehensive income in respect of the Group’s defined contribution plan were $8,803 thousand and $9,143 thousand.

b. Defined benefit plan

The defined benefit plan adopted by the Group 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 Group 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 Group 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 Group 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 Group has no right to influence the investment policy and strategy.

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

	December 31	
	2019	**2018**
Present value of defined benefit obligation	$ (106,690)	$ (133,458)
Fair value of plan assets	103,482	120,838
Deficit	(3,208)	(12,620)
Net defined benefit liabilities	$ (3,208)	$ (12,620)

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	$ 138,810	$ (118,957)	$ 19,853
Service cost			
Current service cost	1,993	-	1,993
Net interest expense (income)	1,528	(1,350)	178
Recognized in profit or loss	3,521	(1,350)	2,171
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,323)	(3,323)
Actuarial loss - changes in financial assumptions	1,443	-	1,443
Actuarial loss - experience adjustments	1,444	-	1,444
Recognized in other comprehensive income	2,887	(3,323)	(436)
Benefits paid	(11,760)	11,760	-
Contributions from the employer	-	(8,968)	(8,968)
Balance at December 31, 2018	133,458	(120,838)	12,620

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Service cost			
Current service cost	$ 1,810	$ -	$ 1,810
Net interest expense (income)	1,054	(1,018)	36
Recognized in profit or loss	2,864	(1,018)	1,846
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,752)	(3,752)
Actuarial loss - changes in financial assumptions	2,587	-	2,587
Actuarial loss - experience adjustments	(618)	-	(618)
Recognized in other comprehensive income	1,969	(3,752)	(1,783)
Benefits paid	(3,522)	3,522	-
Contributions from the employer	-	(2,769)	(2,769)
Transfer on loss of control	(28,079)	21,373	(6,706)
Balance at December 31, 2019	$ 106,690	$ (103,482)	$ 3,208

(Concluded)

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

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

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

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the 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	0.75%	0.875%-1.00%
Expected rate 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		
0.25% increase	$ (2,587)	$ (2,860)
0.25% decrease	$ 2,680	$ 3,161
Expected rate of salary increase		
0.25% increase	$ 2,603	$ 2,884
0.25% decrease	$ (2,527)	$ (2,802)

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	$ 5,397
Average duration of the defined benefit obligation	8.8-10.7 years	6.5-10.1 years

26. EQUITY

a. Share capital

<u>Ordinary shares</u>

	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
<u>May only be used to offset a deficit (Note 1)</u>		
Treasury share transaction	$ 367,772	$ 367,772
Unclaimed dividends extinguished by prescription	9,593	2,113

(Continued)

	December 31	
	2019	2018
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	545	545
	$ 847,377	$ 703,931

(Concluded)

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

For 2019 and 2018, the Company distributed cash dividends to subsidiaries, with capital surplus - treasury shares adjusted by the amount of $111,041 thousand and $59,787 thousand, respectively.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles of Incorporation of the Company, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employee's compensation and remuneration of directors in Note 28(f).

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

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

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

The appropriations of earnings for 2018 and 2017 approved in the shareholders' regular meetings on June 21, 2019 and June 21, 2018, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) 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 $105,522 thousand, the amount reserved under Rule No. 1010047490 issued by the FSC. The rule requires the Company to appropriated 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.

The earnings of the Company and the subsidiaries are appropriated under the Articles of each company and are not restricted by contract.

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 the Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". If there is subsequent reversal of debits to other equity items, the Company may distribute the reversed debit amounts as dividends.

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:

	December 31	
	2019	2018
Appropriation in respect of the Article 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	(161,199)	5,277
Related income tax	42,193	(664)
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	3,059,635	671,599
Related income tax	-	2,117
Share from associates accounted for using the equity method	85,381	2,244
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	(287,744)	-
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal of interest in associates	(48,301)	-
Disposal of interest in subsidiaries	(121,046)	-
Balance at December 31	$ 4,997,339	$ 2,309,414

f. Non-controlling interests

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 1,900,007	$ 1,810,706
Share in profit for the year	111,198	69,368
Other comprehensive income/(loss) during the year		
Exchange differences on translating the financial statements of foreign entities	(8,013)	(678)
Related income tax	781	506
Unrealized gain/(loss) on financial assets at FVTOCI	47,723	24,222
Related income tax	-	2,128
Unrealized gain/(loss) on financial assets at FVTOCI held by associates accounted for using equity method	71,567	91
Cumulative gain/(loss) of equity instruments transferred to retained earnings due to disposal by associates accounted for using equity method	2,630	-
Remeasurement on defined benefit plans	89	71
Related income tax	(18)	295
Partial disposal of subsidiaries	-	793
Adjustments of capital surplus due to unclaimed dividends extinguished by prescription	188	34
Cash dividends	(75,574)	(38,424)
Cash capital increase in subsidiaries	-	30,895
Disposal of subsidiaries	(1,187,795)	-
Balance at December 31	$ 862,783	$ 1,900,007

g. 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	2,714	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.

27. REVENUE

	For the Year Ended December 31	
	2019	**2018**
Revenue from contracts with customers		
Revenue from the sale of goods	$ 1,039,437	$ 996,482
Rental service	283,563	462,437
Revenue from rendering services	561,002	633,487
	$ 1,884,002	$ 2,092,406

a. Contract information

Revenue from the sale of goods

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

Revenue from the rent

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

Revenue from rendering of services

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

b. Contract balances

	December 31, 2019	**December 31, 2018**	**January 1, 2018**
Trade receivables and notes receivable (Note 9)	$ 226,422	$ 299,705	$ 202,006
Trade receivables from related parties (Note 37)	$ 2,680	$ 5,843	$ 4,732
Contract liabilities - current	$ 9,479	$ 7,191	$ 9,681

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 $7,191 thousand and $9,681 thousand, respectively.

c. Disaggregation of revenue

For information of disaggregation of revenue, please refer to Note 44.

28. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Other income

	For the Year Ended December 31	
	2019	2018
Rental income	$ 29,047	$ 22,263
Interest income	118,357	90,014
Dividends	1,022,944	455,528
Others	48,203	294,335
Less: Discontinued operations (Note 13)	(14,522)	(254,841)
	$ 1,204,029	$ 607,299

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Gain/(loss) on disposal of property, plant and equipment	$ 78	$ (20,961)
Loss on disposal of investment properties	(6,547)	(65,044)
Gain/(loss) on disposal of non-current assets held for sale	597,422	(10,428)
Net foreign exchange (loss)/gain (g)	(43,513)	69,266
Gain on fair value change of financial assets at FVTPL	333,681	66,846
Gain on reversal of impairment of property, plant and equipment	-	339,026
Gain on disposal of part of the share in subsidiaries (Note 32)	11,227	-
Others	(11,982)	(6,429)
Less: Discontinued operations (Note 13)	(586,037)	(321,478)
	$ 294,329	$ 50,798

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 87,852	$ 89,599
Interest on lease liabilities	37,794	-
Less: Discontinued operations (Note 13)	-	(2,883)
	$ 125,646	$ 86,716

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2019	2018
Capitalized interest amount	$ 55,090	$ 19,426
Capitalization rate	0.05%-1.44%	0.05%-1.80%

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Property, plant and equipment	$ 187,919	$ 229,403
Investment properties	10,598	19,417
Right-of-use assets	120,526	-
Other intangible assets	320	-
Less: Discontinued operations	-	(59,728)
	$ 319,363	$ 189,092
An analysis of depreciation by function		
Operating costs	$ 248,928	$ 180,600
Operating expenses	70,115	68,220
Less: Discontinued operations	-	(59,728)
	$ 319,043	$ 189,092
An analysis of amortization by function		
Operating expenses	$ 320	$ -

e. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term benefits	$ 309,735	$ 268,727
Post-employment benefits (Note 25)		
Defined contribution plans	8,803	9,143
Defined benefit plans	1,846	2,171
Retirement pension for managers	10,621	-
Other employee benefits	15,676	20,577
Less: Discontinued operations	(2,585)	(7,662)
	$ 344,096	$ 292,956
An analysis of employee benefits expense by function		
Operating costs	$ 56,194	$ 44,674
Operating expenses	290,487	255,944
Less: Discontinued operations	(2,585)	(7,662)
	$ 344,096	$ 292,956

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 and losses on foreign currency exchange

	For the Year Ended December 31	
	2019	**2018**
Foreign exchange gains	$ 83,009	$ 161,864
Foreign exchange losses	(126,522)	(92,598)
Net foreign exchange (losses)/gains	$ (43,513)	$ 69,266

29. 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 Group and its subsidiaries.

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	$ 46,845	$ 19,015
Income tax on unappropriated earnings	14,643	65,181
Adjustments for prior years	(7,567)	(5,379)
	53,921	78,817
Deferred tax		
In respect of the current year	113,340	95,505
Adjustments to deferred tax attributable to changes in tax rates	-	(1,039)
Income tax expense recognized in profit or loss	$ 167,261	$ 173,283

A reconciliation of accounting profit and income tax expenses/average effective tax rate is as follows:

	For the Year Ended December 31	
	2019	2018
Profit before tax from continuing operations	$ 985,771	$ 427,880
Income tax expense calculated at the statutory rate	$ 197,154	$ 85,576
Nondeductible expenses in determining taxable income	7,044	7,420
Tax-exempt income	(234,296)	(123,478)
Difference payable of basic tax	713	1,221
Income tax on unappropriated earnings	14,643	65,181
Unrecognized loss carryforwards	32,703	3,975
Loss carryforwards utilized in the current year	(1,911)	(215)
Unrecognized deductible temporary differences	99,782	(85,784)
Effect of different tax rates of group entities operating in other jurisdictions	58,996	225,805
Adjustments for prior years' income tax	(7,567)	(5,379)
Effect of tax rate changes	-	(1,039)
Income tax expense recognized in profit or loss	$ 167,261	$ 173,283

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 will be reduced from 10% to 5%. The income tax rate applicable to the Group entities in mainland China is 25%. Income tax for the Group entities in other jurisdictions is calculated at the rates applicable in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Effect of change in tax rate		
Remeasurement of defined benefit plans	$ -	$ 1,620
Translation of foreign operations	-	2,349
In respect of the current year		
Translation of foreign operations	42,974	(158)
Unrealized gain/(loss) on financial assets at FVTOCI	-	4,245
Remeasurement of defined benefit plans	(356)	103
Total income tax recognized in other comprehensive income	$ 42,618	$ 8,159

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	$ 775	$ 5,427
Current tax liabilities		
Income tax payable	$ 53,677	$ 57,942

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2019

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Loss Control over Subsidiaries	Closing Balance
Temporary differences					
Impairment of inventory	$ 1,722	$ 103	$ -	$ -	$ 1,825
Valuation of financial assets	170	(170)	-	-	-
Loss on investments accounted for using equity method	2,112	18	-	-	2,130
Expense capitalization	5	-	-	-	5
Unrealized gain or loss on foreign exchange	1,254	10,136	-	(158)	11,232
Financial assets at FVTPL	6,014	(6,014)	-	-	-
Financial assets at FVTOCI	4,245	-	-	(4,245)	-
Allowance for impairment loss	2,792	(1,766)	-	-	1,026
Exchange differences on translating the financial statements of foreign operations	36,851	-	39,241	(1,316)	74,776
Retirement benefit over statutory limit	57,382	(160)	-	-	57,222
Payables for annual leave	584	11	-	(88)	507
Defined benefit obligations	12,597	-	(218)	(1,323)	11,056
Right-of-use assets	-	117	-	-	117
Others	3,500	(2,761)	-	-	739
	$ 129,228	$ (486)	$ 39,023	$ (7,130)	$ 160,635

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Loss Control over Subsidiaries	Closing Balance
Deferred tax liabilities					
Temporary differences					
Gain on investments accounted for using equity method	$ 174,528	$ 119,901	$ -	$ -	$ 294,429
Valuation of financial assets	-	3,377	-	-	3,377
Unrealized gain or loss on foreign exchange	11,959	(11,923)	-	(36)	-
Financial assets at FVTPL	-	1,514	-	(1,514)	-
Net deferred revenue or cost	94	(92)	-	-	2
Exchange differences on translating the financial statements of foreign operations	3,962	-	(3,733)	-	229
Provision for land value increment tax	1,209,785	-	-	-	1,209,785
Defined benefit obligations	3,784	86	138	(392)	3,616
Others	55	(9)	-	-	46
	$ 1,404,167	$ 112,854	$ (3,595)	$ (1,942)	$ 1,511,484

(Concluded)

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
Deferred tax assets					
Temporary differences					
Impairment of inventory	$ 1,489	$ 233	$ -	$ -	$ 1,722
Valuation of financial assets	3,524	(3,354)	-	-	170
Net gain on investments accounted for using equity method	160	1,952	-	-	2,112
Expense capitalization	9	(4)	-	-	5
Unrealized gain or loss on foreign exchange	17,233	(15,979)	-	-	1,254
Financial assets at FVTPL	60	5,954	-	-	6,014
Financial assets at FVTOCI	-	-	4,245	-	4,245
Net deferred revenue or cost	121	(121)	-	-	-
Allowance for impairment loss	3,922	(1,130)	-	-	2,792
Exchange differences on translating the financial statements of foreign operations	30,927	-	5,924	-	36,851
Retirement benefit over statutory limit	49,137	8,245	-	-	57,382
Payables for annual leave	529	55	-	-	584
Defined benefit obligations	10,327	-	2,270	-	12,597
Others	2,855	645	-	-	3,500
	$ 120,293	$ (3,504)	$ 12,439	$ -	$ 129,228

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
Deferred tax liabilities					
Temporary differences					
Net gain on investments accounted for using equity method	$ 91,103	$ 83,425	$ -	$ -	$ 174,528
Valuation of financial assets	4,420	(4,420)	-	-	-
Unrealized gain or loss on foreign exchange for financial assets	112	11,847	-	-	11,959
Net deferred revenue or cost	-	94	-	-	94
Exchange differences on translating the financial statements of foreign operations	229	-	3,733	-	3,962
Provision for land value increment tax	1,209,785	-	-	-	1,209,785
Defined benefit obligations	3,178	59	547	-	3,784
Others	98	(43)	-	-	55
	$ 1,308,925	$ 90,962	$ 4,280	$ -	$ 1,404,167

(Concluded)

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

	December 31	
	2019	2018
Loss carryforwards		
Expiry in 2018	$ -	$ 129,216
Expiry in 2019	-	151,154
Expiry in 2020	407,682	424,553
Expiry in 2021	339,620	353,675
Expiry in 2022	228,497	241,611
Expiry in 2023	110,065	129,005
Expiry in 2024	38,559	3,348
Expiry in 2025	7,969	63,082
Expiry in 2026	39,452	39,636
Expiry in 2027	43,563	23,342
Expiry in 2028	263,149	24,241
Expiry in 2029	113,017	-
	$ 1,591,573	$ 1,582,863
Deductible temporary differences		
Loss on fair value change in financial assets at FVTOCI	$ 132,217	$ 185,546
Impairment loss on non-financial assets	56,717	56,795
Gain or loss on investments in subsidiaries and associates accounted for using equity method	956,042	393,843
Impairment loss on property, plant and equipment	-	152,101
Retirement benefit accrued over statutory limit	-	4,616
Credit loss allowance	7,965	142,797
Deferred income on sale of asset	-	321,406
Impairment loss on investment properties	-	30,505
Book-tax difference arising from amortized cost	565	14,959
Others	192	192
	$ 1,153,698	$ 1,302,760

f. Income tax assessments

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

2) Other overseas group entities do not involve in any material pending action in regard of taxation.

30. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	**2018**
Basic earnings per share		
From continuing operations	$ 1.10	$ 0.29
From discontinued operations	0.92	0.80
Total basic earnings per share	$ 2.02	$ 1.09
Diluted earnings per share		
From continuing operations	$ 1.09	$ 0.29
From discontinued operations	0.92	0.80
Total 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 attributable to owners of the Company	$ 1,297,473	$ 699,755
Less: Profit for the year from discontinued operations used in the computation of basic earnings per share from discontinued operations	(590,161)	(514,526)
Earnings used in the computation of basic earnings per share from continuing operations	707,312	185,229
Effect of potentially dilutive ordinary shares		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share from continuing operations	$ 707,312	$ 185,229

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

31. GOVERNMENT GRANTS

In order to finance the construction of Hotel COLLECTIVE in Okinawa, the Group applied for a loan from Okinawa Development Finance Corporation. The loan facility was JPY10,000,000 thousand. The term of the loan lasts for 25 years and is to be repaid semi-annually in 42 installments, with the first installment commencing in the fourth year after the first drawdown date. As of December 31, 2019, the Group had drawn JPY10,000,000 thousand in total. The fair value of the borrowing was JPY8,548,608 thousand when discounted at the market interest rate at the borrowing date. As of December 31, 2019 and 2018, the difference between the loan proceeds obtained and the fair value of the borrowings was JPY1,451,392 thousand and JPY713,562 thousand, respectively (equal to $441,549 thousand and $198,512 thousand when converted to NTD), representing the government grants of low-interest rate loan, and was recognized as deferred revenue. At the completion of the hotel construction, the deferred revenue will be reclassified to other revenues gradually along with the depreciation recognized.

32. DISPOSAL OF SUBSIDIARY

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

a. Consideration received from disposal of subsidiary

	Chia Hsin Construction & Development Corp.
Total consideration received	$ 222,929

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

	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	7,130
Finance lease receivable - non-current	178,344
Other non-current assets	39,036
Current liabilities	
Other payables	(24,848)
Current tax liabilities	(2,187)
Lease liabilities - current	(94,815)
Other current liabilities	(836)
Non-current liabilities	
Deferred tax liabilities	(1,942)
Lease liabilities - non-current	(178,344)
Other non-current liabilities	(80,162)
Net assets	$ 3,696,785
Percentage of shareholding disposed of	6%
Net assets disposed of	$ 221,807

c. Gain on disposals 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

d. Net cash outflow on disposals of part of the shares of the subsidiary

	Chia Hsin Construction & Development Corp.
Consideration received in cash and cash equivalents	$ 222,929
Less: Cash and cash equivalent balances disposed of	(312,372)
	$ (89,443)

33. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On September 21, 2018, the Group disposed of 30% of its interest in Shanghai Chia Peng Healthcare Management Consulting Co., Ltd., reducing its continuing interest from 100% to 70%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.
Cash consideration received	$ 1,331
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(793)
Differences recognized from equity transactions	$ 538
Line items adjusted for equity transactions	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal	$ 538

34. CASH FLOW INFORMATION

a. Non-cash transactions

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

1) As of December 31, 2019 and 2018, the payables for equipment - property, plant and equipment were $644,297 thousand and $390,842 thousand respectively; the payables for equipment - investment property were $0 and $1,343 thousand respectively.

2) As of December 31, 2019 and 2018, the cash dividends of non-controlling equity approved in the shareholders' meetings that were not yet distributed were $0 and $2 thousand respectively.

3) 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	New Leases	Amortization of Interest Expense	Disposal of Subsidiaries	Change in Exchange Rate	Others	Closing Balance
Short-term borrowings	$ 821,280	$ (18,260)	$ -	$ -	$ -	$ (2,420)	$ -	$ 800,600
Short-term bills payable	304,835	(35,000)	-	(77)	-	-	-	269,758
Long-term borrowings	6,609,037	1,990,197	-	-	-	(61,962)	-	8,537,272
Guarantee deposits received	197,814	(2,308)	-	-	(73,455)	(145)	-	121,906
Lease liabilities (Note 3)	2,205,237	(129,415)	50,253	37,794	(273,159)	(8,456)	(37,794)	1,844,460
	$ 10,138,203	$ 1,805,214	$ 50,253	$ 37,717	$ (346,614)	$ (72,983)	$ (37,794)	$ 11,573,996

For the year ended December 31, 2018

			Non-cash Changes		
	Opening Balance	Cash Flows	Reclassified to Disposal Groups Held for Sale	Change in Exchange Rate	Closing Balance
Short-term borrowings	$ 1,027,827	$ (209,642)	$ -	$ 3,095	$ 821,280
Short-term bills payable	109,882	194,953	-	-	304,835
Long-term borrowings	5,891,824	655,526	-	61,687	6,609,037
Guarantee deposits received	191,999	28,508	(22,377)	(316)	197,814
	$ 7,221,532	$ 669,345	$ (22,377)	$ 64,466	$ 7,932,966

35. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remained unchanged in both 2019 and 2018.

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

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

36. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2019

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

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	$ 1,029,276	$ -	$ -	$ 1,029,276
Listed shares in foreign market	358,208	-	-	358,208
Mutual funds	-	472,794	-	472,794
	$ 1,387,484	$ 472,794	$ -	$ 1,860,278
Financial assets at FVTOCI				
Listed shares in domestic market	$ 9,818,304	$ -	$ -	$ 9,818,304
Unlisted shares - ROC	-	-	900,020	900,020
Unlisted shares in foreign market	-	-	39,484	39,484
	$ 9,818,304	$ -	$ 939,504	$ 10,757,808

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	$ 939,504
Loss control over subsidiaries	(350,522)
Recognized in other comprehensive income	83,733
Disposal	(319,414)
Balance at December 31, 2019	$ 353,301

For the year ended December 31, 2018

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2018	$ 855,239
Purchase	35,502
Recognized in other comprehensive income	48,763
Balance at December 31, 2018	$ 939,504

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

The Group holds unlisted shares. The significant unobservable input in the measurement of such investments is liquidity discount. The fair value of unlisted shares is determined using market approach where the fair value of the shares of similar or peer companies is used as reference. As of December 31, 2019 and 2018, the ranges of liquidity discount used were 11.83%-41.49% and 10.59%-36.46%, 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 instrument

	December 31	
	2019	**2018**
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	$ 1,619,603	$ 1,860,278
Financial assets measured at amortized cost (Note 1)	5,966,105	5,965,505
Financial assets at FVTOCI		
Investments accounted for using the equity method	13,179,995	10,757,808
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	10,630,965	8,591,511

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 (less tax refund 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, tax payable and dividends payable), current portion of long-term borrowings payable, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 41.

Sensitivity analysis

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

The following table details the Group'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 an 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	$ 62,870	$ 57,679	$ 1,300	$ 6,048

	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 Group's tests of sensitivity to changes in foreign exchange rates during the current period were mainly due to the increase in financial assets in USD and the decrease in financial assets in HKD, EUR and JPY.

b) Interest rate risk

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

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

	December 31	
	2019	2018
Fair value interest rate risk		
Financial assets	$ 4,285,715	$ 3,744,368
Financial liabilities	5,191,433	1,682,345
Cash flow interest rate risk		
Financial assets	1,246,774	1,734,391
Financial liabilities	6,260,657	6,052,807

Sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group’s pre-tax profit for the years ended December 31, 2019 and 2018 would have been lower/higher by $12,535 thousand and $10,796 thousand, respectively. The Group’s sensitivity to interest rates increased during the current period mainly due to the increase in variable rate financial assets.

c) Other price risk

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

Sensitivity analysis

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

If equity prices (except for equity securities of Taiwan Cement Corporation) had been 1% higher/lower, the pre-tax profit or loss for the years ended December 31, 2019 and 2018 would have been higher/lower by $6,326 thousand and $10,413 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 $5,772 thousand and $11,636 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices of Taiwan Cement Corporation had been 1% higher/lower, the pre-tax profit or loss for the years ended December 31, 2019 and 2018 would have been higher/lower by 9,870 thousand and $8,190 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 $126,028 thousand and $95,942 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group’s sensitivity to equity price (except for equity securities of Taiwan Cement Corporation) decreased due to the decrease in the amount of equity securities. The Group’s sensitivity to equity price of Taiwan Cement Corporation increased due to the increase in the price of equity securities.

2) Credit risk

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

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

The credit risk was mainly concentrated on the top 10 customers of the Group. As of December 31, 2019 and 2018, trade receivables from the top 10 customers was 77% and 74%, respectively, of total trade receivables.

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Group had available unutilized bank loan facilities as set out in (b) below.

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

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

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

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	$ 517,899	$ 386,171	$ 22,561	$ 43,572	$ 53,132
Fixed interest rate liabilities	819,793	170,256	1,038	472,504	1,941,782
Lease liabilities	34,147	5,789	101,016	536,478	1,543,832
Variable interest rate liabilities	90,107	104,410	954,944	5,397,933	-
	$ 1,461,946	$ 666,626	$ 1,079,559	$ 6,450,487	$ 3,538,746

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	$ 140,952	$ 536,478	$ 470,571	$ 401,405	$ 336,375	$ 335,481

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-interest bearing liabilities	$ 133,819	$ 499,160	$ 58,304	$ 96,362	$ 68,716
Fixed interest rate bank loan	766,857	91	275	109,369	829,717
Variable interest rate bank loan	367,033	73,377	517,938	5,364,672	-
	$ 1,267,709	$ 572,628	$ 576,517	$ 5,570,403	$ 898,433

b) Financing facilities

	December 31	
	2019	2018
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 1,639,800	$ 1,248,920
Amount unused	4,909,400	5,704,040
	$ 6,549,200	$ 6,952,960
Secured bank overdraft facilities:		
Amount used	$ 8,368,728	$ 6,672,618
Amount unused	1,040,000	3,099,022
	$ 9,408,728	$ 9,771,640

37. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

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

b. Revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2019	2018
Rental revenue	Associates	$ 2,543	$ 1,117
	The Company acts as a member of the BOD of its ultimate parent company	2,423	202
	The Company acts as a member of the BOD	3,718	-
	Related Company	505	816
		$ 9,189	$ 2,135
Service revenue	The Company acts as a member of the BOD		
	Taiwan Cement Corporation	$ 28,119	$ 25,963
	Related Company	-	58
		$ 28,119	$ 26,021

The Group leases out the office building, bulk carriers and factory buildings to related parties at market price. The lease agreements were made by both sides. The rentals are collected monthly or quarterly.

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

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2019	2018
Cost of goods sold	The Company acts as a member of the BOD		
	Taiwan Cement Corporation	$ 484,963	$ 421,084

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.

Line Item	Related Party Category/Name	For the Year Ended December 31 2019	2018
Service cost	Related parties	$ -	$ 344

The Group entered into a contract for the ship management service provided by the related party. The contract was negotiated by both sides. The fee is settled monthly.

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

Line Item	Related Party Category/Name	December 31 2019	2018
Trade receivables	Associates	$ 15	$ 6
	The Company acts as a member of the BOD		
	Taiwan Cement Corporation	2,661	5,833
	Related parties	4	4
		$ 2,680	$ 5,843
Other receivables	Associates	$ 8,654	$ 8,535

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 for 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	2018
Trade payables	The Company acts as a member of the BOD		
	Taiwan Cement Corporation	$ 83,580	$ 89,849

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements - Group is lessor

The Group is lessor under operating leases

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

Future lease payment receivables are as follows:

Related Party Category/Name	December 31 2019	December 31 2018
Associates	$ 1,000	$ 2,337
Related parties	528	528
The Company acts as a member of the BOD of its ultimate parent company	11,642	14,183
The Company acts as a member of the BOD	6,641	-
	$ 19,811	$ 17,048

g. 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
Other receivables - interest receivable	Associates		
	LDC ROME HOTELS S.R.L.	$ 1,168	$ 1,486

The Group 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.

h. Disposal of other assets

	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
Related Party Category/Name	2019	2018	2019	2018
The Company acts as a member of the BOD of its ultimate parent company				
Jurong Taiwan Cement Co., Ltd.	$ -	$ 36,537	$ -	$ -

In August 2018, the Group sold accessories and utensils in disposal group held for sale to Jurong Taiwan Cement Co., Ltd.

i Others

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Refundable deposits	Related parties	$ 168	$ 168
	Associates	971	372
	The Company acts as a member of the BOD of its ultimate parent company	423	423
	The Company acts as a member of the BOD	880	-
		$ 2,442	$ 963
Dividend revenue (credited to investments accounted for using equity method)	Associates	$ 31,459	$ -
Dividend revenue	The Company acts as a member of the BOD	$ 960,492	$ 404,157

j. Endorsements and guarantees

Endorsements and guarantees provided by the Group

	December 31		December 31	
	2019	2018	2019	2018
	Amount Utilized	Amount Endorsed	Amount Utilized	Amount Endorsed
Associates				
LDC ROME HOTELS S.R.L.	$ 382,926	$ 447,600	$ 422,400	$ 447,600

k. Compensation of key management personnel

The compensation of key management personnel are as follows:

	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Short-term employee benefits	$ 29,659	$ 24,671
Post-employment benefits	10,621	-
	$ 40,280	$ 24,671

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

38. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2019	2018
Other financial assets - non-current	$ 23,588	$ 21,353
Financial assets at FVTOCI - non-current	-	120,857
Carrying amount of property, plant and equipment		
Land - after revaluation	1,031,292	1,037,783
Buildings - after revaluation	2,552,736	-
	3,584,028	1,037,783
Carrying amount of investment properties		
Land - after revaluation	3,209,885	3,755,547
Buildings - after revaluation	50,002	216,940
	3,259,887	3,972,487
	$ 6,867,503	$ 5,152,480

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. As of December 31, 2019 and 2018, the Group had bank guarantees for $153,034 thousand and $162,997 thousand issued under its name for the operations in the ports.

b. Unrecognized commitments were as follows:

	December 31	
	2019	2018
Property under construction	$ 241,283	$ 3,419,437
Others	$ -	$ 210

As of December 31, 2019 and 2018, the abovementioned unrecognized commitments include contractual commitments, $5,666 thousand and $3,357,787 thousand, respectively, of the subsidiary - CHC Ryukyu COLLECTIVE KK due to the construction of Hotel COLLECTIVE in Okinawa. As of December 31, 2019, the abovementioned unrecognized commitments also include contract for Tomigusuku development project signed by CHC Ryukyu Development GK of $207,139 thousand.

40. 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.

41. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
Financial assets			
Monetary items			
USD	$ 39,845	29.98 (USD:NTD)	$ 1,194,566
USD	1,519	1.3461 (USD:SGD)	45,552
USD	577	108.6232 (USD:JPY)	17,286
HKD	6,757	3.8483 (HKD:NTD)	26,004
EUR	6,547	33.59 (EUR:NTD)	219,901
JPY	9,474	0.276 (JPY:NTD)	2,615
Non-monetary items			
Investments accounted for using the equity method			
EUR	11,630	33.59 (EUR:NTD)	390,640
RMB	46,812	0.193 (RMB:SGD)	201,173
Financial assets at FVTPL			
USD	11,638	29.98 (USD:NTD)	348,908
HKD	26,355	3.8483 (HKD:NTD)	101,423

December 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
Financial assets			
Monetary items			
USD	$ 34,852	30.715 (USD:NTD)	$ 1,070,488
USD	1,499	1.3628 (USD:SGD)	46,033
USD	1,207	110.4062 (USD:JPY)	37,065
RMB	1,907	0.1986 (RMB:SGD)	8,534
HKD	30,843	3.9216 (HKD:NTD)	120,954
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
RMB	46,568	0.1986 (RMB:SGD)	208,404
Financial assets at FVTPL			
USD	15,393	30.715 (USD:NTD)	472,794
HKD	91,343	3.9216 (HKD:NTD)	358,208

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange (losses)/gains were $(43,513) thousand and $69,266 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of functional currencies of the entities in the Group.

42. OTHERS

a. Important contracts

   The Group as lessee leased the East Wharf Nos. 13, 14 and 15 in the Port of Taipei from Taiwan International Ports Co., Ltd. and committed to construct East Wharf No. 16 and its related office, silos and transportation equipment. The leased land is 65,000 square meters and used in operation of the subsidiary, Chia Pei International Corporation, to load and unload coal, sand stone, bulk and others. The lease term is 35 years and 5 months from December 10, 2009, the date of the transfer of the titles of related constructed equipment to Taiwan International Ports Co., Ltd. The annual minimum guaranteed volume for transportation is 1,200 thousand tons of coal and 5,950 thousand tons of sand stone. When the policy on the transporting of eastern sand to the north changes or the quantity of eastern sand transported to the north significantly decreases, the Group may renegotiate its minimum guaranteed volume for transporting eastern sand and gravel, or convert to equivalent minimum guaranteed volume for coal or other bulk and general cargo with approval from Taipei Harbor Bureau.

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

b. The Group 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 Group extends its contract with the Harbor Bureau. CHC Resources Corporation pays various fees to the Group 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 Group leased from Taiwan International Ports Co., Ltd. the land measuring 5,900.35 square meters at the West Wharf No. 33 of the Port of Keelung. The Group committed to build silos, loading and unloading equipment at the Wharf No. 33 under the name of Keelung Harbor Bureau, Transportation Department of Taiwan government and the title of the property belongs to the Keelung Harbor Bureau, while the Group has the right to use the property free of charge within the lease term for operating the business of loading and unloading, transporting and storing cement. The lease term is 23 years and 9 months from October 7, 2000, the date of the transfer of the titles of related constructed equipment to Keelung Harbor Bureau. The minimum guaranteed transporting volume is 900,000 tons of cement per year and the management fees will be charged based on the minimum guaranteed volume of 900,000 tons regardless if the Group reached the volume or not. The rental is charged based on average rental rate in the port and 5% of the rental rate published by the Taiwanese government. The Group has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Group should pay the land use and administrative fees monthly, which will be adjusted according to the adjustment of loading fee in the port.

d. In order to satisfy the demand for cement in Taichung and its surrounding area, the Group leased, from Taichung Harbor Bureau, Taiwan International Ports Corporation Ltd., the land, cement warehouses and facilities at Wharf No. 27, Port of Taichung through its subsidiary, Tong Yang Chia Hsin International Corporation to operate the business of loading and unloading, transporting and storing cement. The lease period started from December 1, 2014 to December 30, 2024 and the Group has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Group should pay the land use and administrative fees (based on actual loading amount at $30.09 dollars per ton) monthly, which will be adjusted according to the adjustment of loading fee in the Port.

e. In order to further establish the core development and transformation to the resort industry, the Group developed nearly 37 thousand square meters beach-side resorts at Toyosaki, Okinawa. The Group signed a long-term management service contract for InterContinental Okinawa Chura SUN Resort with the international large hotel chain, Japan subsidiary of InterContinental Hotels Group (IHG) on August 17, 2019 with the service period of 20 years. It is expected to introduce the entrusted management of the resort from IHG.

43. 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) Other: Business relationships and inter-company transactions between the parent company and the subsidiaries (Table 10)

11) 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 11)

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, except for (e)):

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 (Table 1)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. The disclosure of related information on affiliated companies as follows:

1) Disclosed items on the consolidated financial statements of affiliates are as follows:

No.	Items	Description
1	Subsidiaries' company names, relationships to the controlling company, nature of business, and the controlling company's shareholding or capital proportion.	Refer to Note 15
2	Variation of subsidiaries which are included in the current consolidated financial statements.	Refer to Note 15
3	Subsidiaries' company names, shareholding or capital proportion and the reasons that they are not listed on the consolidated financial statements.	None
4	The adjustments and the ways to manage when the controlling company and a subsidiary have different fiscal year start/end dates.	None
5	The adjustments when the controlling company and a subsidiary have different accounting policies.	None
6	Operating risk such as exchange risk for an overseas subsidiary.	Refer to Note 15
7	Retained earnings allocation of each subsidiary restricted by regulations or contracts.	Refer to Note 26
8	Consolidated amortization methods and expirations.	None
9	Others.	None

2) Disclosed items from each individual affiliate are as follows:

No.	Items	Description
1	Elimination transactions between the controlling company and subsidiaries and between subsidiaries.	Refer to Table 10
2	Information about accommodations of funds or endorsements.	Refer to Tables 1 and 2
3	Information about derivative instrument transactions.	None
4	Significant contingencies.	None
5	Significant events after the reporting period.	None
6	Names, quantities, costs, market prices (if not available, disclose net worth per share), capital proportions and the highest shareholding situation of the securities.	Refer to Tables 3, 9 and 11
7	Others.	None

e. The subsidiaries holding the parent company's shares should list clearly the Company's name, number of shares held, the total amounts and the related reasons: Please refer to Note 26.

44. SEGMENT INFORMATION

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

Cement segment - cement production, manufacture and sale.

Real estate segment - real estate trading and leasing.

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

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

a. These operating segments have similar long-term gross profit margins.

b. The nature of the products and production processes are similar.

c. The methods used to distribute the products to the customers are the same.

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

a. Segment revenue and results

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

	Segment Revenue		Segment Profit or Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2019	**2018**	**2019**	**2018**
Cement segment	$ 1,027,929	$ 987,785	$ (41,505)	$ (55,106)
Real estate segment	267,365	446,732	117,913	173,112
Port of Taipei segment	479,561	567,928	(21,865)	17,540
Other segment	109,147	89,961	(459,670)	(214,476)
	$ 1,884,002	$ 2,092,406		
Other income			1,204,029	607,299
Other gains and losses			294,329	50,798
Finance costs			(125,646)	(86,716)
Share of profit or loss of associates and joint ventures accounted for using the equity method			47,845	(39,900)
General and administrative expenses and remuneration of director			(29,659)	(24,671)
Profit before income tax from continuing operation			$ 985,771	$ 427,880

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

b. Total segment assets and liabilities

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

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2019	2018
Revenue from the sale of goods	$ 1,039,437	$ 996,482
Revenue from the rent	283,563	462,437
Revenue from rendering of services	561,002	633,487
	$ 1,884,002	$ 2,092,406

d. Geographical information

The Group operates in three principal geographical areas - Taiwan, China and Japan.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2019	2018	2019	2018
Taiwan	$ 1,870,805	$ 2,084,606	$ 8,515,716	$ 8,306,924
China	12,233	6,790	324,756	130,283
Japan	964	1,010	5,810,294	2,616,397
	$ 1,884,002	$ 2,092,406	$ 14,650,766	$ 11,053,604

Non-current assets exclude those classified as financial instruments and deferred tax assets.

e. Information about major customers

Included in revenue of $1,884,002 thousand and $2,092,406 thousand in 2019 and 2018, respectively, is revenue of $215,437 thousand and $212,043 thousand which represents sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for both 2019 and 2018.

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	Chia Hsin Cement Corporation (Note 1)	LDC ROME HOTELS S.R.L.	Other receivables from related parties	Yes	$ 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 and 6)	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 (40% 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.

Note 6: Has been eliminated through the consolidation and is not shown on the consolidated financial statements.

TABLE 2

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee Name	Endorsee/Guarantee Relationship (Note 4)	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
0	Chia Hsin Cement Corporation (Notes 2 and 5)	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
	Chia Hsin Cement Corporation (Note 2)	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
	Chia Hsin Cement Corporation (Notes 2 and 5)	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
	Chia Hsin Cement Corporation (Notes 2 and 5)	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 (Notes 3 and 5)	Chia Hsin Cement Corporation	c.	22,813,442	7,244,000	6,544,000	4,829,000	6,540,000	28.64%	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 amounts of guarantee to any individual entity shall not exceed the paid-in capital of the Company. The total amount of guarantees shall not exceed the net worth of the Company.

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

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

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.

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

TABLE 3

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
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				Highest Number of Shares Held in the Year	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	7,371,606	
	Asia Cement Corporation		Financial assets at FVTPL - current	71	3	0.00	3	71	
	China Chemical & Pharmaceutical Co., Ltd.		Financial assets at FVTPL - current	20,000	385	0.01	385	20,000	
	Foreign stock								
	Anhui Conch Cement Co., Ltd.		Financial assets at FVTPL - current	464,000	101,423	0.01	101,423	766,000	
	Foreign fund								
	HAITONG FREEDOM MULTI-TRANCHE BOND FUND - P1A (SERIES 27)		Financial assets at FVTPL - current	9,594	32,404	-	32,404	9,594	
	GREENWOODS GOLDEN CHINA FUND - UNRESTRICTED CLASS A (0518)		Financial assets at FVTPL - current	3,342	33,082	-	33,082	3,342	
	GOPHER ASIA HOLD-TO-MATURITY HIGH YIELD BOND FUND - CLASS B (SERIES 10)		Financial assets at FVTPL - current	5,000	15,203	-	15,203	5,000	
	GOPHER ASIA HOLD-TO-MATURITY HIGH YIELD BOND FUND - CLASS C (SERIES 15)		Financial assets at FVTPL - current	55,000	170,678	-	170,678	55,000	
	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	17,022	
	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	77,882	
	JPMorgan Funds - China Fund - JPM China A (acc) - USD		Financial assets at FVTPL - current	10,992	15,713	-	15,713	10,992	
	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	24,190,846	
	CHC Resources Corporation		Financial assets at FVTOCI - current	4,285,694	215,570	1.72	215,570	4,285,694	
	Chien Kuo Construction Co., Ltd.		Financial assets at FVTOCI - current	771,256	8,291	0.29	8,291	771,256	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Highest Number of Shares Held in the Year	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	175,919,516	
	Stock								
	Pan Asian (Engineers & Constructors) Corporation		Financial assets at FVTOCI - non-current	2,718,217	17,016	2.38	17,016	2,718,217	
	Chia Hsin Ready-Mixed Concrete Corporation		Financial assets at FVTOCI - non-current	12,718,440	310,075	13.71	310,075	12,718,440	
	Overseas Investment & Development Corp.		Financial assets at FVTOCI - non-current	2,000,000	18,420	2.22	18,420	2,000,000	
	Asia Pacific Gongshanglian Corporation Limited		Financial assets at FVTOCI - non-current	21,090	-	0.03	-	21,090	
	Chia Hsin Livestock Corp.		Financial assets at FVTOCI - non-current	6,600,000	-	1.17	-	6,600,000	
	Huatung Heping River Mining Industry Development Co., Ltd.		Financial assets at FVTOCI - non-current	9,350	-	1.87	-	9,350	
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	3,919,849	
	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	15,214,293	
	Foreign fund								
	HAITONG FREEDOM MULTI-TRANCHE BOND FUND - P1A (SERIES 27)		Financial assets at FVTPL - current	9,594	32,404	-	32,404	9,594	
	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	30,911,113	
	Chia Hsin Cement Corporation	Parent company	Financial assets at FVTOCI - non-current	127,370,320	2,846,727	16.44	2,846,727	127,370,320	Has been eliminated through consolidation
	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	57,372,867	
	IBT Second Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	725,493	5,270	2.30	5,270	725,493	
	Kaohsiung Tug and Port Service Corp.		Financial assets at FVTOCI - non-current	350,000	2,520	0.88	2,520	350,000	

Note 1: The abovementioned assets are not used as collateral to secure loan or restricted due to other contractual restriction.

Note 2: For the information about subsidiaries, associates and joint ventures, refer to Table 9 and Table 11.

(Concluded)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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	Notes 1 and 6
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, 2 and 6
	CHC Ryukyu COLLECTIVE KK	Investment accounted for using equity method	None	Second-tier subsidiaries	-	-	-	689,544	-	-	-	-	-	1,098,892	-	1,788,436	Notes 1 and 6
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 made 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.

Note 6: The transaction has been eliminated through the consolidation and is not shown on the consolidated financial statements.

TABLE 5

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

TABLE 6

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE 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 (Note 8)	Transaction Amount (Note 8)	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 upon the transfer of the title.

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.

TABLE 7

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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 Hsin Cement Corporation	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)	-	-	Note
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)	-	-	Note

Note: The transaction has been eliminated through consolidation.

TABLE 8

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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 and 3)	-	-	-	-	-

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.

Note 3: The transaction has been eliminated through consolidation.

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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

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 4 and 5)
	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 (Note 3)
	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 (Note 3)
	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 (Note 3)
	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 (Note 3)
	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 (Note 3)
	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 (Note 3)
	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 (Note 3)
	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 4)
	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 (Note 3)
YJ International Corporation	CHC Ryukyu Development GK	26 Tokashiki, Aza, Tomigusuku-shi, Okinawa, Japan	Real estate rental and leasing; management consulting service	NT$ 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 (Note 3)
	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 (Notes 3 and 6)
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 (Note 3)
	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 (Note 3)
	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 (Note 3)
Tong Yang Chia Hsin International Corporation	International Chia Hsin Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; general investment	36,642	36,642	6,052,636	20.18	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 (Note 3)
	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 3)

Note 1: For information on investments in mainland China, refer to Table 11.

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: The investment has been eliminated through consolidation.

Note 4: Important associates

Note 5: 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 6: 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 made of the BOD on May 16, 2019.

Note 7: The number of shares of investee company held by each investor company remain the same in the year, except the shares of Chia Hsin Construction & Development Corp., which has a peak of 35,758,920 shares in the year. All the shares are not pledged.

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

PARENT-SUBSIDIARY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
	For the year ended December 31, 2019						
0	Chia Hsin Cement Corporation	Chia Pei International Corporation	a.	Warehousing and storage service revenue	$ 130,567	The fee is billed monthly and paid quarterly with receipts issued in the same month when the fee is billed.	6.93
		Chia Pei International Corporation	a.	Interest income from sublease	21,090		1.12
		Chia Pei International Corporation	a.	Lease payment receivable	1,332,208		3.44
		CHC Ryukyu Development GK	a.	Endorsement or guarantee	425,040		1.10
		CHC Ryukyu COLLECTIVE KK	a.	Endorsement or guarantee	1,380,000		3.56
		Chia Hsin Property Management & Development Corporation	a.	Endorsement or guarantee	1,480,000		3.82
		Chia Hsin Property Management & Development Corporation	a.	Investment accounted for using equity method	59,912	Cash dividends	0.15
		YJ International Corporation	a.	Investment accounted for using equity method	1,380,000	Cash injection	3.56
		Tong Yang Chia Hsin International Corporation	a.	Investment accounted for using equity method	1,055,710	Treasury shares	2.73
		Tong Yang Chia Hsin International Corporation	a.	Investment accounted for using equity method	514,146	Cash dividends	1.33
1	Chia Pei International Corporation	Chia Hsin Cement Corporation	b.	Right-of-use assets	128,276		0.33
2	Tong Yang Chia Hsin International Corporation	Chia Hsin Cement Corporation	b.	Service revenue	68,871	The fee is billed monthly and paid in the next month.	3.66
		Chia Hsin Cement Corporation	b.	Dividend income	111,041	Cash dividends	5.89
3	Chia Hsin Property Management & Development Corporation	Chia Hsin Cement Corporation	b.	Endorsement or guarantee	6,544,000		16.90
		Chia Hsin Cement Corporation	b.	Other income	23,053	Transaction fee arising from endorsement or guarantee	1.22
		Chia Hsin Cement Corporation	b.	Other receivables	24,206	Transaction fee arising from endorsement or guarantee	0.06
4	YJ International Corporation	CHC Ryukyu Development GK	c.	Investment accounted for using equity method	662,400	Cash injection	1.71
		CHC Ryukyu COLLECTIVE KK	c.	Investment accounted for using equity method	676,200	Cash injection	1.75
5	Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Jiapeng Maternal and Child Care (Yangzhou) Co., Ltd.	c.	Investment accounted for using equity method	42,975	Cash injection	0.11

(Continued)

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

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

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

a. The parent company to the subsidiary.
b. The subsidiary to the parent company.
c. The subsidiary to the subsidiary.

Note 3: For the calculation of percentage, percentage for balance sheet items is calculated by dividing the year-end balance with consolidated assets. Percentage for income items is calculated by dividing the accumulated sum with total operating income for the year.

Note 4: The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2019: US$1=NT$29.98, JPY1=NT$0.276, 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, JPY1=NT$0.2837, RMB1= NT$4.482145.

Note 5: The transaction has been eliminated through consolidation.

(Concluded)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

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: Outward (Note 1 (a.))	Remittance of Funds: Inward (Note 1 (a.))	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
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) and Note 5
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) and Note 5
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) and Note 5
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 6
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) and Note 5
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) and Note 5
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) and Note 5
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 7
Jiangsu Jiaguo Construction Material Storage Co., Ltd.	Engaging in overland delivery of ordinary goods and the processing, manufacturing and selling of cement and other construction material	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) and Note 5
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) and Note 5

(Continued)

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

Accumulated Outward Remittance for Investments in Mainland China as of 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 NTD 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= NT$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 the investment in mainland China is not applicable.

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

Note 5: The transaction has been eliminated through consolidation.

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

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

Note 8: The number of shares of investee company held by each investor company remain the same in the year. All the shares are not pledged.

(Concluded)

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.

     Definition of a lease

     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	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	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 For the Year Ended December 31		Dividends Per Share (NT$) 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
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

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			Fair Value Adjustment	Interest Expense	Others	
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.

Sensitivity analysis

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	December 31 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

Line Item	Related Party Name	For the Year Ended December 31 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

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2019**	**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)

		December 31	
Line Item	**Related Party Category/Name**	**2019**	**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

TABLE 1

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.

TABLE 5

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.

TABLE 6

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.

TABLE 7

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)		-	

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.

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)

嘉新企業團
CHIA HSIN CEMENT GROUP

CHIA HSIN CEMENT CORPORATION

Chairman
Jason K. L. Chang